

CONTRACT WITH AMERICA—WELFARE REFORM

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OF THE
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HOUSE OF REPRESENTATIVES
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WELFARE REFORM

THURSDAY, FEBRUARY 2, 1995

HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
SUBCOMMITTEE ON HUMAN RESOURCES,
Washington, DC.

The Subcommittee met, pursuant to notice, at 9:04 a.m., in room 1100, Longworth House Office Building, Hon. E. Clay Shaw, Jr. (Chairman of the Subcommittee) presiding.

Chairman SHAW. If the Members and guests could take their seats, we will proceed. The first panel of Members are asked to take their seats at the desk.

The hearing has been moved over from Rayburn, so I think a lot of our guests will be slow coming in this morning, because they may have gone over there first.

We have an extraordinarily long list of people to testify this morning, so the Chair is going to be very strict with regard to the enforcement of the 5-minute rule. I ask everyone who is to testify, to please be as concise and brief as possible, that will move the business of the Committee along very quickly.

The opening statement by the majority will be given by Jennifer Dunn.

Ms. Dunn.

Ms. DUNN. Thank you, Mr. Chairman.

It is with great pleasure that I welcome our guests on the second day of testimony from public witnesses. Today, we must be setting some sort of unofficial record for the number of groups and individuals testifying on a single day. I cannot recall a longer witness list than the one before us today.

In Washington State, I have talked to hundreds of people in townhall meetings and gatherings regarding welfare. And whether they be conservative, liberal, or somewhere in between, I have found that, without exception, everyone has a strong opinion about welfare.

As a new Member of the Ways and Means Committee and the Subcommittee on Human Resources, I am pleased to see that we have such a diverse group of witnesses. For whatever the means suggested, I know that we are united in our ultimate goals which are to encourage work, to discourage illegitimacy, and to help the poor lift themselves out of poverty. And we must consider any transformation of the welfare system with great thoughtfulness and fairness.

This is going to be a long day. But with experts such as my colleague from Washington State, Jim McDermott, with representa-

tives from groups ranging from the Concerned Women for America, to Puerto Rico, to La Raza, this is going to be a very worthwhile and informative day. All told, we expect over 70 witnesses today, so I urge everyone to find a comfortable chair.

On Monday, February 6, in room B-318 Rayburn, at 12 noon, we will complete this series of hearings on welfare reform with a hearing on child support enforcement. This is a great opportunity for bipartisan cooperation on this issue. I think we all look forward to working together to draft the toughest, most effective child support enforcement provisions we can.

I might add, too, concerning the upcoming schedules, some of you might be interested in the fact that tomorrow we will hold a joint hearing with the Economic and Educational Opportunities Committee on child care and child welfare. That hearing will begin at 9 o'clock here in this same room, 1100 Longworth.

I believe that there exists unanimity among many constituencies in our efforts to solve these great problems, noncustodial parents, both fathers and mothers must be held accountable.

Now I would like to welcome the first of today's 14 panels.

Thank you, Mr. Chairman.

Chairman SHAW. Mr. Ford.

Mr. FORD. Thank you very much, Mr. Chairman.

I, too, agree with you, Mr. Chairman, there is a long witness list before this Subcommittee today and I look forward to hearing from some 65 or 70 different witnesses. But what I would like to hear today from my colleagues who will lead the panel off, along with all of the different groups that will testify, is what impact this Personal Responsibility Act will have on the children of this country. What impact will this Personal Responsibility Act have on the overall poverty community in America, and what it will do to the welfare population in this country.

I have said early on, Mr. Shaw, that certainly on this side of the aisle, as Democrats, we want to work with you and the Republican side of the aisle to try to craft a bill that will respond to many of the needs that are out there in the welfare population.

I have great concerns about some of the things that are going to be in the Personal Responsibility Act, and, hopefully, when witnesses testify today and others who will continue to testify tomorrow, and as we begin a markup session hopefully within the next 10 days or 2 weeks, that we, as Democrats and Republicans alike, will make sure that we support things that will be in the best interests of the children of this country.

With that, Mr. Chairman, I close out.

Chairman SHAW. Thank you, Mr. Ford.

Our first witness this morning is a Member of the Ways and Means Committee, Jim McDermott of Washington.

Welcome.

STATEMENT OF HON. JIM McDERMOTT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON

Mr. McDERMOTT. Thank you, Mr. Chairman.

I come today to share my ideas with the Subcommittee responsible for welfare and my own experiences in the Washington State Legislature, how that relates to what we are currently debating,

and what issues I think are of primary importance as we look at the protection necessary for 15 million kids. I believe that real welfare reform reduces the need for welfare, instead of punishing people for being poor. Why do I say that? Well, in the seventies, if you took a minimum wage job, you lived at the poverty level. If you had a welfare grant in the State of Washington, you only got 81 percent of the poverty level. So if you worked, you were better off.

In 1994, in the State of Washington, if you take a minimum wage job—and you have to remember, Washington State is much better than most States in this country. By initiative, we raised the minimum wage to \$4.90 an hour, and 81 percent of the people in the State of Washington voted for that minimum wage.

If you take a minimum wage job, you will be at 73 percent of the poverty level. If you go on welfare, you only get 55 percent of the poverty level.

Now, the question you have to ask yourself is why do people go on welfare. It certainly is not for the money, because they are not getting more money. They are getting less money. There is a myth that I think needs to be talked about briefly here, and that is that somehow poor people are either stupid or lazy or venal or living in the wrong place or not the right kind of people or something.

Poor people are poor because they do not have money. That is what makes you poor. And poor people can figure out that living on welfare, where you at least get health care benefits, is better than taking a minimum wage job, where you have no health care benefits and no child care. You are in worse shape if you work for minimum wage in the State of Washington.

Prior to coming to Congress and the Ways and Means Committee, I was the Chairman of the Senate Ways and Means Committee in the State of Washington. From the time I entered the State Senate in 1975 to 1987 when I left, Washington State was engaged in a long and difficult period of welfare debate and attempts at reform.

I remember in 1981 when we cut out the two-parent AFDC Program and put 14,000 kids out with nothing to cover them. The next year, the Reagan Budget Reconciliation Act drastically cut the amount of money that welfare recipients could earn and employment costs that they could deduct.

Several years later, after we finally reinstated the two-parent AFDC in 1983, we embarked on what we thought was real welfare reform in the State of Washington. We obtained a Federal waiver in 1987, and the Washington State Legislature created FIP, the Family Independence Program. It was to be a 5-year welfare reform demonstration program.

The FIP Program added financial incentives for education, training and work. It substituted cash for food stamps, it expanded the availability of child care, it provided child care and Medicaid subsidies for up to 1 year after you got off welfare, and it focused services on pregnant teenagers.

There is a more important reason why I am skipping down Memory Lane with you today. At the end of the first year in the State of Washington, the FIP Program had substantial cost overruns and we had to significantly scale back the program, because we nicked and dined our welfare program from day one. We underestimated

caseloads and with capped expenditures at the State level, we had a disaster on our hands.

When you cap the amount of money that comes from the Congress, you put people in the position of losing their basic subsistence. That is what I am really worried about, when you already have very limited welfare programs in many States, when you cap the program, they are out.

In 1987, when we capped those programs, we had the basic entitlement, and if you take away the entitlement in a State like the State of Washington, which has a three-fifths majority required to raise taxes, if they get into a problem, they are not going to be able to raise the money and they are going to cut the assistance grants for people and people are going to be without help.

I think the Speaker says we will reevaluate it in 5 years. But I do not think children in this country have 5 years to wait, if we make it so that there is no way at the State level and the Federal level that we are going to take care of their basic needs.

Thank you.

[The prepared statement follows:]



News from Congressman

Jim McDermott

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Testimony of
The Honorable Jim McDermott (D-WA)
Before the Ways and Means
Human Resources Subcommittee
February 2, 1995

Thank you, Mr. Chairman, for the opportunity to address the Subcommittee on this very important issue. I realize that your first day of public testimony, on Monday, was a very long day for you, so I will try to keep my comments short.

I wanted to come here today to share with the subcommittee responsible for welfare reform proposals, my own experiences in the Washington state legislature, how that relates to my concerns with our current debate on welfare reform, and what issues I think should be of primary importance to guarantee protection to the more than 15 million poor children in our nation. I believe that REAL welfare reform reduces the need for welfare instead of punishing people for being poor.

[The welfare issue is one of extreme importance, 22.7% of the children under 18 in the U.S. are living in poverty. This is compounded by a recent study released Monday which found that among the 6 million children under 6 years old who live in poverty, 58 percent of them had parents who worked at least part time.]

Prior to joining Congress and the Ways and Means committee, I was the chairman of the Washington State Senate Ways and Means Committee. From the time I entered the state senate in 1975 till I left in 1987 Washington State was engaged in a long and difficult period of welfare debate and attempts at reform.

I remember when the state eliminated the two-parent Aid to Families with Dependent Children (AFDC) program in 1980, followed the next year by Reagan's budget reconciliation package which drastically cut the amount of money that welfare recipients could earn and employment costs that they could deduct. Several years later, after finally reinstating two parent AFDC in 1983, we embarked upon what we thought was real welfare reform in Washington state. We obtained a federal waiver and in 1987, the Washington State Legislature created the Family Independence Program (FIP), a five-year welfare reform demonstration program.

The FIP program added financial incentives for education, training, and work; substituted cash for food stamps; expanded availability of child care, provided child care and Medicare subsidies for up to a year after getting off of welfare; and focused services more on pregnant and parenting teens.

There is a very important reason why I am skipping down memory lane with the committee here today. At the end of the first year of Washington states FIP program we had substantial cost overruns and had to significantly scale back the program. Because we nickel and dimed our welfare reform program from day one: when underestimated caseload growth, and capped expenditures are factored in, we had a disaster on our hands after just one year. The first two causes, limited state funds, and high caseload growth, should be familiar to anyone who has ever worked on welfare at the state level. The third reason, capped expenditures, is what makes this example so relevant to our current debate. When Washington state received the waiver to implement FIP we agreed to an expenditure cap equal to projected AFDC expenditures. This is similar to what would happen under the proposed capped income assistance block grant.

Although the program had to be significantly scaled back in order to stay within the budget, Washington state was able to avoid disaster because AFDC was still an entitlement and was guaranteed by the federal government. Because AFDC was an entitlement there was never any danger of the most basic income maintenance being taken away from the poorest children of Washington State. We never had to confront the possibility of throwing children and parents out into the street.

It is important to note that we did not start with a bare minimum program that, in the case of a cost overrun, would leave nothing to cut but AFDC. In contrast, under the Republican bare-minimum block grant proposal there is a real possibility that if a state has a cost overrun, and is unwilling to raise taxes, then income maintenance could be cut.

I believe that REAL welfare reform should:

- Focus on welfare as a transition to self-sufficiency,
- Assist those not yet ready for employment and training;
- Require education and training to help recipients prepare for work, and fully fund that effort;
- Maintain earned income tax Credits for low-income working families,
- Include legal tax-paying immigrants as welfare recipients
- Get real about strong child support enforcement;
- Expand programs to encourage family stability and limit teen pregnancy,
- Guarantee to provide for the long-term care needs of children and of persons who are physically or mentally disabled; and
- Increase state flexibility with federal oversight

I support state flexibility but I disagree with the **cut-freeze-and-cap** block grant mentality that is taking over the debate on welfare reform.

On Tuesday, Speaker Gingrich told the National Governors' Association that block grants should be reviewed after five years. I am scared that these children that we are supposed to be protecting do not have 5 years to wait. They need us now.

Thank you.

Chairman SHAW. Thank you, Mr. McDermott.

Now we welcome the former Chairman, now the Ranking Democrat Member on the Public Works and Transportation Committee, with whom I once had the privilege of serving, Norman Mineta.

STATEMENT OF HON. NORMAN Y. MINETA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. MINETA. Thank you very much, Mr. Chairman and Members of the Subcommittee.

It is good to see alumni of our Public Works and Transportation Committee, you and Ms. Dunn. I appreciate this opportunity to appear before you. I ask unanimous consent that my full statement be made a part of the record.

Mr. Chairman, this Subcommittee has been charged with the primary responsibility for reforming the welfare system in America, and I wish you well in that effort.

But as the Chair of the Congressional Asian Pacific American Caucus, I must tell you that I am gravely concerned by one of the cornerstones of the plans being circulated so far.

So far, it appears that H.R. 3500 from the previous Congress will serve as the basis of welfare reform in this Congress, and I must register my very strong opposition to its proposal to end educational, social services and health benefits to immigrants who are lawfully admitted to the United States, who have not yet become citizens, and to U.S. nationals.

On the subject of U.S. nationals, I suspect this may have been a simple drafting error. Many people do not know that the residents of our territory of America Samoa are U.S. nationals, not U.S. citizens. The full details are in my submitted statement, and I hope that, at a minimum, we can work together to resolve that issue.

On the subject of legal immigrants, H.R. 3500 is clearly intended to deny benefits under some 60 Federal programs to lawfully admitted immigrants who pay taxes and have done nothing wrong.

Unfortunately, from the public discussion of this provision, an uninformed observer might believe that we are only talking about welfare programs in this debate. Nothing could be further from the truth. H.R. 3500 would also deny to legally admitted individuals such benefits as guaranteed student loans, Pell grants, college work study and childhood immunization.

Mr. Chairman, immigrants who have been lawfully admitted to this country have done nothing wrong. They pay the same Federal, State and local taxes that you and I pay, and they have the right to expect the same benefits eligibility in return.

How do we tell a Chinese-American couple who have struggled to start a small business and have dutifully paid their taxes that their son or daughter will now be ineligible for student financial aid to attend college? How do we tell an American citizen that his or her taxes will be used to pay for other people's parents when they become elderly, blind or disabled, but that his or her immigrant mother will not be eligible for SSI? I do not think we can.

Mr. Chairman, there are almost 10 million Asian Pacific Americans in this country, and 61 percent of us have immigrated since 1970. There will be few families in our community left untouched

by this proposal. Asian Pacific American students have had tremendous success in colleges and universities around the country. But by removing their sources of student financial aid, H.R. 3500 will pull the rug out from under that success. As we eliminate vaccinations and other preventive health programs for legal immigrants, the burden will fall on our hospital emergency rooms to deal with the effects, and the costs will skyrocket.

It would be curious, now that the Federal Government is willing to pick up the costs of incarcerating undocumented aliens convicted of crimes, that we would simultaneously refuse to pay for a measles vaccine for a legal immigrant child.

Mr. Chairman, that is not the message that I want to send in a welfare reform package, and I hope that you will reconsider your position on this issue.

Thank you very much.

[The prepared statement follows:]

TESTIMONY OF NORMAN Y. MINETA, M.C.
Before the Human Resources Subcommittee
House Committee on Ways and Means
February 2, 1995

Thank you, Mr. Chairman and Members of the Subcommittee. I appreciate the opportunity to appear before you today.

Mr. Chairman, this Subcommittee has been charged with the primary responsibility for reforming the welfare system in America and I wish you well in that effort.

But, as the Chair of the Congressional Asian Pacific American Caucus, I must tell you that I am gravely concerned by one of the cornerstones of the plans being circulated so far.

As you know, H.R. 3500 was introduced by the Republican Conference in the 103rd Congress and has so far served as the basis for welfare reform in the 104th Congress. One of its central provisions would deny educational, social services, and health benefits to immigrants lawfully admitted to the United States who have not yet become citizens and to United States nationals.

I must register my strong opposition to that proposal.

I suspect, and hope, that the elimination of eligibility for U.S. nationals in H.R. 3500 was simply the result of a drafting error. Many people are not aware of this category of individuals and, as we saw in the crime bill debate last year, they are sometimes inadvertently excluded.

There is only one category of people who remain U.S. nationals -- the territorial citizens of American Samoa. As U.S. nationals, American Samoans travel freely throughout the country. When they are resident in the U.S. proper, they are subject to the same taxes paid by all other Americans and are eligible to receive benefits under the same programs.

This eligibility is a long-standing principle, dating back to the beginning of American Samoa's territorial status. I hope that the omission of American Samoans from the list of those eligible for benefits under H.R. 3500 was an oversight, and was not intended to signal a renunciation of our promises to the American Samoan people.

On the subject of legal immigrants, however, I understand that the intent of the drafters of H.R. 3500 in the last Congress was in fact to terminate the eligibility of lawfully admitted immigrants under some 60 federal programs.

The affected programs range from legitimate subjects of welfare reform such as Aid to Families with Dependent Children (AFDC) and food stamps, to programs that have nothing to do with welfare such as Guaranteed Student Loans and College Work Study.

Mr. Chairman, immigrants who have been lawfully admitted to this country have done nothing wrong. They pay the same federal, state and local taxes you and I pay. And they have the right to expect the same benefits eligibility in return.

From the debate I have seen on this issue so far in the press, I do not believe that most Americans know exactly what this bill would do. Occasionally press accounts acknowledge that legal immigrants would be cut off from benefits under this bill. But the fact that this provision is included in a welfare reform bill leads to the mistaken assumption that only welfare benefits are affected.

When did Guaranteed Student Loans become welfare? When did College Work Study and Pell Grants become welfare? When did immunizations for school children, or the ability to go to a Community Health Center become welfare?

This proposal is an issue of great concern to the almost 10 million Asian Pacific Americans in this country. 61% of us have immigrated to this country since 1970. Although most of those immigrants have now become citizens, there are few if any Asian Pacific American families who would be exempt from the effects of this bill.

The eligibility of legal immigrants for these programs is an issue of fundamental tax fairness, and in my opinion that should be enough to settle this question.

How do we tell a Chinese American couple who have struggled to start a small business, and have dutifully paid their taxes, that their daughter will now be ineligible for student financial aid to attend college?

How do we tell an Indian American couple that their children will not receive the same childhood immunizations other children receive at school?

How do we tell an American citizen that his taxes will be used to pay for other people's parents when they become blind or disabled, but that his immigrant mother will not be eligible for SSI? I don't think we can.

But even beyond the issue of fairness for legal immigrants themselves, the proposal as it stands would be grossly counterproductive for our society as a whole. Its effects would in many cases reach far beyond the permanent residents directly affected.

As you know, Mr. Chairman, the Asian Pacific American community around this country has been making great strides. One of the most fundamental reasons for that success is the emphasis by our families on the importance of education.

H.R. 3500 would pull the rug out from under the educational successes we've seen in our community. Families do not conveniently immigrate to this country so that their children become citizens just before they head off to college.

A 14 year old refugee coming to this country with his parents would be eligible for these programs under H.R. 3500 for six years, or until he converted his status to permanent residency.

And that conversion must happen for him to become a citizen. The law requires individuals to have been permanent residents for at least five years to apply for citizenship.

If he stays in refugee status, he could go on to college at age 18 -- but his sources of federal student financial aid would evaporate just before his sophomore year when he turns 20.

If he wants to convert his status to permanent residency, he must first wait one year to apply, then wait five years to apply for citizenship and, in many cases, must wait an additional two years for INS to process the paperwork.

I simply cannot understand the value in making an Asian Pacific American teenager delay enrollment in college, or drop out temporarily, simply because of an arbitrary schedule.

Why should we make students wait before we let them borrow money under the Guaranteed Student Loan Program -- money which they will have to pay back anyway? What is the value of cutting off their College Work Study funding or Pell Grants?

The only result will be a delay in starting their careers, or possibly their failure to finish college. They will be American citizens one day. The only question is whether or not they will be an American citizens with college degrees.

Similarly, I cannot understand why we would deny immunization to any child attending school in this country. Beyond the question of why we would deny any child a measles vaccination, is the question of whether we really want to risk public health to that degree.

If one kid in a class gets the measles, other kids are going to get it too. And the measles virus doesn't care how far in the citizenship application process somebody happens to be.

Finally, Mr. Chairman, we have spent a great deal of time over the past several years debating the issue of unfunded federal mandates here in the House.

On Tuesday of this week, I met with representatives of the California Association of Hospitals and Health Systems. They had come to ask me to work to get some federal reimbursement for the uncompensated care they provide to undocumented immigrants in their emergency rooms. The cost is roughly \$600 million annually now.

I had to tell them that the prospects for that funding did not look good -- and that I expected the situation to get much worse.

If H.R. 3500 passes in its present form, legal immigrants would be excluded from almost every federal preventive public health program we have in this country.

Those programs will be prohibited from immunizing their children, Community and Migrant Health Centers will be prohibited from providing them with basic care, Maternal and Child Health programs will be blocked from providing prenatal care, and Centers for Disease Control-funded lead poisoning screening programs would be prohibited from screening legal immigrant children.

That means that hospital emergency rooms are going to be the only alternative available. Despite the fact that emergency care under Medicaid would still be available to legal immigrants under this bill, Medicaid does not come close to covering the full cost of treatment.

And nothing we do will make up for the pain of a child lost to a preventable disease.

Mr. Chairman, the issue of the federal government's responsibility for the social services costs associated with undocumented immigrants was one of the stated motivations for the recent debate over Proposition 187 in California.

As a result of that debate, the previous Congress agreed for the first time to reimburse states for the cost of incarcerating felons who are present in this country in violation of the law.

If the cutoff of benefits contemplated under H.R. 3500 is adopted by this Congress, we will be in the curious position of being willing to pay for housing convicted criminals who are here illegally -- but being unwilling to vaccinate a child or help pay for a college education for kids who have done nothing wrong, and who's families are American taxpayers.

That is not the message that I want to send in a welfare reform package, and I hope you will reconsider your position on this issue.

Thank you very much.

Chairman SHAW. Thank you, Mr. Mineta.

Next is Hon. Gary Franks of Connecticut, who has been very active in the drafting of welfare reform.

Mr. Franks.

**STATEMENT OF HON. GARY A. FRANKS, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF CONNECTICUT**

Mr. FRANKS. Thank you, Mr. Chairman.

Mr. Chairman and Members of the Subcommittee, good morning.

Mr. Chairman, you know of my deep interest in this topic, having chaired a task force on welfare reform for 4 years and also having worked closely with you on H.R. 3500 and having participated with you in the Oxford-style debate last session.

Mr. Chairman, I would like to just touch upon one topic, though I have a number of concerns that ideally hopefully will be worked out, as well, concerning this bill. I strongly believe, Mr. Chairman, that we should take cash out of our welfare system and replace welfare checks with a debit card. This would give us, as taxpayers, an accounting of all dollars spent by the welfare recipient.

However, Mr. Chairman, I do recognize that there may be a need to allow a small amount of cash for incidental items, but I would hope that the vast majority of welfare funds will be disbursed via a debit card. The card would have a picture of the recipient on it and it would resemble a MasterCard or VISA card. Major expenses such as rent and utility bills would be paid directly to the landlord or utility company via an electronic benefits transfer system.

Mr. Chairman and Members of the Subcommittee, I strongly believe that the billions of taxpayer dollars intended for families with dependent children are ending up in the hands of drug dealers via the purchase of drugs by some welfare recipients. Thus, I believe it is playing a major negative role in the gang-related crime activities in our cities. After all, if there is high unemployment, high drug trafficking and high welfare use in our inner cities, where is the money coming from? It would cause one to believe that taxpayer dollars, welfare dollars are being used to buy illegal drugs.

It has been reported in a Columbia University study that upward of 25 percent of those individuals on welfare were drug abusers. In Chicago a couple of years ago, we all read how 20 people were living in a 2 bedroom apartment with 4 adults receiving monthly approximately \$4,500 in welfare cash. It was alleged that all four adults were drug abusers. Part of their \$4,500 was going to support their alleged drug habits. A debit card system would help eliminate this problem, since drug dealers do not take plastic.

I have talked to police officials in my State and they have said that they would beef up their police patrols on the 3d and 16th of the month, State welfare check days. They can document how drug activities have increased on those days.

Mr. Chairman, in my State, I have received the support of the banking industry; I have received the support of hospitals; I have received the support of the real estate industry; I have received the support of the utility industry, police officials, and local and State welfare officials, as well, for the use of the debit card to disburse AFDC funds.

They all feel that the debit card can play a role in improving the housing stock in our cities, since payments will now be made directly to landlords. They all feel that the debit card would improve and streamline banking services for welfare clients, since the lines are very long on the 3d and 16th day of the month at most banks across the country. They feel that it obviously will hurt the drug dealers in our country. They also feel, Mr. Chairman, that the use of the debit card will allow the dollars to go where they should, and that the dollars will go to the children who are dependent on these funds.

Also, in my State of Connecticut, a pilot program with a debit card has been approved. The State of Connecticut will institute this program within the next 2 years. The current Governor, John Roland, with whom I recently discussed this matter, is also a strong proponent of this plan, as was his predecessor, Lowell Weicker. And with my hometown of Waterbury being designated as a test city, this pilot program, I believe, will show that there can be a significant amount of dollars saved. I believe also that the program will raise havoc with those individuals who are using the welfare money improperly.

I would hope that the debit card and the electronic benefits transfer system would be a part of any welfare reform bill adopted by your Subcommittee. It is, in my estimation, one of the best ways of addressing fraud.

Thank you for allowing me to address the Committee today.

Chairman SHAW. Thank you, Mr. Franks.

Now we have a new Member to testify. Mr. Greg Ganske is a new Member from the State of Iowa, and I believe a physician. You may proceed as you see fit.

All of the written statements will be made a part of the record.

STATEMENT OF HON. GREG GANSKE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IOWA

Mr. GANSKE. Thank you, Mr. Chairman.

Rather than repeat facts and statistics about the welfare system and its failure, I would rather speak to you today from personal experience about some things that motivated me to leave my medical practice and come to Washington to address this problem. Although I think the national debt may be the most urgent problem, I think welfare may be the most important problem of our country in terms of how we address our Nation's poor.

You might wonder how someone living in Iowa among those gently rolling cornfields could be qualified to speak about this problem. After all, Des Moines, Iowa, does not really have war zones. So maybe that is why what I have to say will interest you. If this problem occurs in Iowa, it can occur anywhere.

The fact is that the problem of illegitimacy does not know any geographic boundaries. There are neighborhoods close to where I practiced surgery and where my wife practices family medicine where the illegitimacy rate is over 60 percent. A significant part of my medical practice involved taking care of babies born with birth defects. There is a higher incidence of these deformities in excessively young mothers.

My heart would go out to those 14- and 15-year-old mothers who would bring their babies in with a cleft lip or a hand deformity. It is hard enough for mature couples to take care of a child with special needs. It is even harder for an unwed mother to handle those special care needs.

Frequently, a father would not be present. All too often, parental support would be lacking, and this teenager would be living on her own through welfare assistance. Sometimes the baby's grandmother or great-grandmother would accompany the mother. Unfortunately, many times they were all on welfare.

I followed those kids for a long time. It is one thing for a single mother to take care of a cute toddler. It is another thing to handle a teenage boy without the guidance of a father. And too frequently, these young men then seek their peer support from a gang, start doing drugs, and get involved in violence. I have taken care of these young men, teenagers most of them, in emergency rooms. I have also taken care of the victims of their violence. I have had to tell mothers that their teenage sons are no longer alive.

Illegitimacy is the engine that drives juvenile crime. I have seen its ravages firsthand. To take a chapter from our Speaker, my wife has helped 13-year-old girls deliver their babies. I have taken care of 15-year-olds with gunshot wounds to the head. I have taken care of 17-year-olds with needle track infections up and down their arms and who probably have AIDS because of it. And my wife and I have personally seen violence in our daughter's public high school.

The welfare system was designed to be compassionate to these young mothers. We are all moved by their testimony. We need the right policy so that in being compassionate to one group, we are not being cruel to another; so that being compassionate to these young mothers, we are not setting up incentives that make us cruel to their children.

That is why I very strongly agree with the basic provisions of the Personal Responsibility Act. We must reconstruct the system. Underage teenage mothers should not be able to set up housekeeping on AFDC cash assistance or housing allowances. Give the money back to the States as block grants and let it be used to provide assistance. Medicaid and food stamps could still be available, but mothers should stay with their families, and we should not pay mothers for having more children out of wedlock. It will be very important, in my opinion, to maintain adequate funding for family planning and birth control.

In summary, just a few weeks ago, a toddler was found just a few blocks from here walking down the street with only a diaper on, taken to the police station, given some clothing, and some french fries. A few hours later, the mother came in. Does this only happen in Washington?

Last week, in northeast Iowa, in a small town close to where I grew up, almost exactly the same thing happened. Except that in Iowa, that toddler would have frozen to death, if it had not been found. We have got to get a handle on this problem.

Thank you.

[The prepared statement follows:]

STATEMENT BY THE HONORABLE GREG GANSKE
BEFORE THE HOUSE COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEE ON HUMAN RESOURCES
FEBRUARY 2, 1995

Mr. Chairman, I appreciate the opportunity to speak before the Subcommittee.

You will have many experts appear before you to speak about welfare reform. Some ten years ago, Charles Murray started this debate with his seminal work, *Losing Ground: American Social Policy*, in which he documents the failure of the welfare state. More recently, Marvin Olasky has provided fresh insight into the causes of this American tragedy with his book, *The Tragedy of American Compassion*. Barbara Dafoe Whitehead has chronicled how the breakdown of the American family has affected children in her article in *The Atlantic Monthly*, "Dan Quayle Was Right."

Rather than repeat facts and statistics about the welfare system and its failure, I would rather speak to you from my heart about some personal experiences that I have had that have motivated me to leave my medical practice and come to Washington and try to address this problem. While there are many important problems facing our country, with the national debt being most urgent, in the long run how we deal with the poor may be the most important issue we will deal with for the future of our civilization.

Prior to November 8, 1994, I was a reconstructive surgeon in Des Moines, Iowa. My wife is a family physician. I grew up in a small town in Iowa, but did surgical training in Denver, Colorado, Portland, Oregon and Boston. In the course of our practice of medicine, both my wife and I have had ample opportunity to see how the system is not working to help the very people that it was designed to help.

You might wonder how someone living in Iowa, amid the gently rolling cornfields of the Heartland, would be qualified to speak to this problem? After all, Des Moines doesn't have the war zones that some cities do. Perhaps that is why what I have to say may interest you. If the tragedy of the failure of the welfare system can even be seen in Iowa, then it can be seen anywhere.

The problem of illegitimacy knows no geographic restriction in this country. There are neighborhoods close to where I practiced surgery and where my wife currently practices family medicine where the illegitimacy rate is over 60%. A significant part of my medical practice involved taking care of babies born with birth defects. There is a higher incidence of these deformities in excessively young mothers.

My heart would go out to the 14-year-old or 15-year-old mothers who would bring their babies with a cleft lip or hand anomaly to my office. It is hard enough for mature couples with a good relationship, much less an unwed teenager, to handle the needs of a special care infant. There would rarely be a father present and all too often parental support would be lacking as this teenager would be living on her own through welfare assistance.

Sometimes, the baby's grandmother and, even a few times, great grandmother would accompany the young mother. Unfortunately, sometimes they would all be on welfare!

I follow these children for long periods of time. It is one thing for a single mother to care for a cute toddler. It is quite another to handle a young teenage boy without the guidance of a father. All too frequently these young men seek peer support from gangs, start doing drugs, and get involved in violence.

I have taken care of these young men, teenagers most of them, in the emergency rooms. I have also taken care of the victims of their violence. I have had to tell mothers that their sons are no longer alive, the victim of this welfare culture. Illegitimacy is the engine that drives this juvenile crime epidemic -- I have seen its ravages first hand.

Speaker Newt Gingrich is right when he says that the welfare state is a failure when we have, "... 12-year-olds having babies, 15-year-olds killing each other, 17-year-olds dying of AIDS and ... 18-year-olds ending up with diplomas they can barely read."

My wife has helped 13-year-olds deliver their babies, I have operated on 15-year-olds with gunshot wounds to the head, I have treated 17-year-olds with needle tract infections up and down their arms and who probably have AIDS because of it, and my wife and I have seen violence in our daughter's public high school.

The welfare system was designed with compassion for the young, unwed mother in mind. We are all moved by the testimony of those we want to help, but we need more than just compassion. We need the right policies so that in being compassionate to one group, we aren't being cruel to another group; so that in being compassionate to young mothers we aren't setting up incentives that make us cruel to children.

That is why I believe very strongly in the basic provisions of the Personal Responsibility Act. We must reconstruct welfare. Underage unwed mothers should not be able to set up housekeeping on AFDC cash payments and public housing. Give the AFDC money to states as block grants to be used in providing services for mothers and babies. Medicaid and food stamps will still be available to help these mothers, but they should stay with their families unless there is child abuse.

We should not pay mothers more for having more children out of wedlock.

It will be important to maintain adequate funding for family planning and birth control. We must also require mothers receiving AFDC benefits to establish paternity and make delinquent fathers personally responsible. Several states, including my own, have made significant strides in making sure that fathers at least fulfill their economic responsibilities.

Most importantly, we must aggressively attack our country's illegitimacy problem. It is clearly at the heart of our welfare woes. This problem is most pervasive in women between 18 and 21 years of age. One option is to offer states an incentive to get the illegitimacy rate down. Under the Contract with America, AFDC benefits are not available to unwed minor mothers. However, the states would receive funds in the form of block grants to be used to provide valuable services to these young mothers. I think we should take this proposal a step further. We should propose to increase a state's block grant if they succeed in lowering the illegitimacy rate. On the other hand, if a state fails to decrease the rate of illegitimacy, the total amount of monies received in the block grant should be decreased. We must have warm hearts, but hard heads, and we must show that we are serious about welfare reform.

On October 1, 1993, changes were made in Iowa's welfare programs to encourage and reward work. To make work pay and encourage self-sufficiency, Iowa's Family Investment Agreement Plan sets expectations and accountability goals for each family, offering education, training and employment. Those who choose not to participate receive three months of full cash benefits, followed by three months of partial cash benefits and are then ineligible for benefits.

In the month before welfare reform in Iowa began, only 18% of families on welfare had earned income. As of November 1994, 33.5% of the caseload had earned income. Many other states such as Michigan and Wisconsin are devising encouraging work requirements. Let's encourage this innovation through block grants with definite guidelines, but not micromanagement.

A few weeks ago here in Washington a two-year-old boy was found toddling down a street just a few blocks from where we sit right now with only a diaper on. He was taken to the police station, given some warm clothing and french fries and several hours later his mother came in to pick him up! It wasn't the first time this had happened. Just last week, almost exactly the same incident occurred in a small town in northeast Iowa close to where I grew up. Had a neighbor not found the child, he would have frozen to death.

For the sake of our nation's children, let's make this system work better.

Chairman SHAW. Thank you, Mr. Ganske.

Our final witness on this panel is Harvey Hilderbran, who is chairman of the Committee on Human Services in the Texas House of Representatives. I might say that he is a Republican who is a chairman in a Democrat House, so this shows the amount of bipartisan work that is going on in Texas.

Please proceed as you see fit.

**STATEMENT OF HON. HARVEY HILDERBRAN, CHAIRMAN,
COMMITTEE ON HUMAN SERVICES, TEXAS HOUSE OF
REPRESENTATIVES**

Mr. HILDERBRAN. Good morning, Mr. Chairman and distinguished Members of the Committee. Thank you for the opportunity to speak today on the important issue of welfare reform.

As a State representative in Texas and as Chairman of the House Human Services Committee in the Texas Legislature, I have studied various welfare reform initiatives across the country. We have looked at the current welfare system, how the Federal Government dictates to the States how to provide public assistance to our needy.

It is not difficult to understand why the welfare system has failed the people it is intended to help and why it has failed the taxpayers of this country. The current system discourages work and marriage, it promotes a cycle of dependency, and it contributes to illegitimacy.

We welcome the proposals outlined in the Personal Responsibility Act, especially the flexibility given to the States, such as block grants with little or no strings attached to them, and to allow States to develop innovative welfare reform plans that will address the needs of our citizens.

There are some items I would like to comment about today that are included in your plan that are of special concern to us in Texas. When you are discussing block grants and developing block grants for the States, please understand the diversity of the population that is currently in the welfare system, not only across the country, but in each State.

In Texas, we have four distinct groups in the welfare population. We have the top 20 percent being basically job-ready. They have just left the job, they have job experience, job training, they have education and they are only temporarily out of work.

The second 20 percent needs assistance in education and some job training and work experience. The third group needs a lot of help, a lot of education and job training and work experience, and they need special efforts to bring them into the work force. And the fourth group, we should not expect the same expectations from that group. Many of them have serious barriers to employment.

It is important also, when you are looking at block grants and the formula to allocate block grant funds, to not reward inefficiency and recognize that administrative costs around the country differ. In Texas, the average administrative cost is \$238 a year, and the national average is \$566. The formula to allocate block grant funds also should not reward those States with high benefit levels. Funds should not be distributed strictly on the utilization of funds basis.

We also welcome the idea that Senator Kassebaum has talked about, where the Federal Government would assume the responsibility for the Medicaid Program and offer the States a block grant for AFDC, child care, the nutrition program, and so forth.

Mr. Chairman, again we appreciate you asking for the input of the State legislatures around the country, and we appreciate this partnership that the new Congress is offering to the States in this new initiative of looking to the States for ideas. We appreciate your efforts on welfare reform.

Thank you.

Chairman SHAW. Thank you. We appreciate you and the States setting the standard for us to follow.

Mr. English will inquire.

Mr. ENGLISH. Thank you, Mr. Chairman.

Dr. Ganske, you have been a breath of fresh air in your short time here, and I was wondering if I could get you to amplify on some of your practical observations from having served as a physician in the field up until very recently.

I was wondering if you could comment on the link that you see between the design of the welfare system and the destructive behavior that that design causes and the quality of the health of people in the welfare system.

Mr. GANSKE. I think the system has the wrong incentives. The Department of Human Services in my neighboring State, the State of Nebraska, did a study last year. They asked the question of why are people on welfare. Their basic answer was because it pays.

If you add up the benefits for a woman and two children in the State of Nebraska—Iowa is very similar in terms of its payment structure—if you add up cash assistance and all of the benefits, including title XIX, Medicaid and housing, in Nebraska, and similarly in Iowa, it works out to about \$22,000 a year. Now, that is about \$11 an hour in terms of a job for equivalency. I think there are some reverse incentives in the program. That is very much why we need work requirements.

Mr. ENGLISH. We have had a number of academicians come before this panel and try to argue with a straight face that the welfare system does not create the family breakup that we see in the underclass today. From your own experience in dealing with people who are welfare recipients, does that make sense to you?

Mr. GANSKE. In my practice, I have seen that couples do not stay together or do not get married because otherwise they could lose welfare assistance.

Mr. ENGLISH. In your experience, do people respond to the incentives built into the welfare system?

Mr. GANSKE. They do. I have always been one of the leaders in welfare reform. Just a year or so ago, they set up a whole new package in terms of making responsibility and accountability as part of the equation. They individualized each family and set up goals of work requirements for each family. It has resulted in a significant increase in families going back to work. So, the incentives have something to do with it, and the requirements have something to do with whether people stay on welfare.

Mr. ENGLISH. Thank you again for your testimony. I know we have quite a few panels today, so I will not ask any further ques-

tions. This has been a very distinguished panel of legislators who also have a lot of practical experience, and I appreciate their time in coming before this panel.

Thank you, Mr. Chairman.

Chairman SHAW. Thank you, Mr. English.

Mr. Rangel.

Mr. RANGEL. Thank you, Mr. Chairman.

It is so good to see you here, Congressman Franks.

Mr. FRANKS. Good morning, Mr. Rangel.

Mr. RANGEL. Is it your testimony that you support these electronic cards because you find a definite connection between drug abuse and AFDC checks?

Mr. FRANKS. I utilized that as one example, Mr. Rangel. I just believe that the debit card system would be far more efficient.

Mr. RANGEL. No, I was not talking about drugs.

Mr. FRANKS. Well, there are some reports, one being the Columbia University report—

Mr. RANGEL. No, no, no. Do you support that AFDC checks are used to buy drugs, and that is why you want the electronic card, or did you just throw it in to wake us up?

Mr. FRANKS. Yes, Mr. Rangel.

Mr. RANGEL. Now, where you have the largest amount of drug abuse, is there a connection between poverty and drug abuse, in your opinion?

Mr. FRANKS. Yes. Let me back up for 1 second—

Mr. RANGEL. I have a series of questions and there is a connection—

Mr. FRANKS. I want to expand upon them versus just having a yes or no answer, but I will give you yes or no answers, if you prefer that. But I would like to expand upon the point.

Mr. RANGEL. I just want to ask questions, because when you tie up the AFDC check with welfare, I just want to know whether you have got it tied up with poverty, whether you are going to tie it up with high school dropouts, whether you are going to tie it up with the highest degree of homelessness, with AIDS, with hopelessness, with the highest unemployment rates.

If you were to take all those things and put them together, would that not be where the highest amount of drug abuse would be?

Mr. FRANKS. Yes.

Mr. RANGEL. And police corruption, too, right?

Mr. FRANKS. Yes, most definitely.

Mr. RANGEL. So if we really want to tackle this problem, would you disagree that education, training and jobs would be the most important thing we could do?

Mr. FRANKS. And we have that in H.R. 3500, Mr. Rangel, yes.

Mr. RANGEL. Very good. Now, I suspect that you support the Contract With America.

Mr. FRANKS. I have some reservations with the Contract With America, but I look forward to working out those concerns with the Chairman and others.

Mr. RANGEL. How about the tax provisions? Do you support the tax provisions in this Contract?

Mr. FRANKS. At this point, Mr. Chairman, I would rather refrain from making comments about that. I am here to talk about my

debit card idea. I would like to be able to meet with my Republican Members on my concerns about the Contract With America, and at this point, I reluctantly do not want to respond to that question.

Mr. RANGEL. Well, your Republican friends have advocated tax cuts that, according to the Joint Committee on Taxation, would cost \$196 billion, and the Chairman of this distinguished Committee, a Republican colleague, indicated that this has to be paid for, and has also indicated that we are not going to touch Social Security, and I assume Medicare. Most of us agree that the overwhelming cuts are going to be with programs that service these poor communities that you and I were discussing. Do you support—

Mr. FRANKS. As I said before, Mr. Rangel, I am here to discuss my debit card proposal, the bill which I introduced in the last Congress; a bill for which the administration has also shown a considerable amount of support. H.R. 3500 had a provision that talked about the debit card/electronic benefit transfer system.

Mr. RANGEL. But you do not want to talk about the poor—

Mr. FRANKS. I have no desire at this point to discuss the particulars of the—

Mr. RANGEL. My admiration for you has dramatically increased, because if I were you, I would not want to talk about this either. So why don't we quit on that very high note.

Mr. FRANKS. Thank you, Mr. Rangel.

Chairman SHAW. Well, so much for high notes.

Do any of the other Members have any questions?

[No response.]

If not, we thank you all very much for being with us and for some very, very fine testimony.

Mr. Cardin, who is a Member of the Full Committee, has requested that a series of articles by the Baltimore "Sun" be made a part of the record. If there is no objection, I will see that they are made a part of the permanent record. This is the series that was laid on the desk I think last week or earlier this week for the Members to look at. It was a series on various poverty programs. They will become part of the permanent record.

[The following was subsequently received:]

SSI aid supports family of nine

Photo by

not able to work, and it's the best money."

There is little question about that.

Created by Congress two decades ago, the SSI program has become the nation's most generous welfare plan.

In 6.5 million recipients include not only the aged, blind and infirm, but also those with environmental, alcoholism and drug addiction who support their families with the cash. Inexpensive, and 900,000 children, 61 percent of whom get checks for medical problems.

The cost of SSI went from \$1.5 billion in the past five years. It is expected to increase another 35 percent by 1990.

Already it covers the federal government more than the original "welfare" program, Aid to Families with Dependent Children (AFDC).

To Sen. Robert C. Byrd, a West Virginia Democrat, it is a "well-intentioned entitlement program run amok."

Maureen Watson first tried to get ahead when she was 25.

She was an eighth-grade dropout with an infant and a half-sister, collecting \$80 a month in AFDC, when she heard about SSI. She applied for it in 1974, thinking that the new disability law might help her. She had a medical problem, she filed her first application.

She was turned down, but she would persist over the years with 17 more applications for her family. With the rules permitting unlimited applications and unlimited SSI checks to a household, there is no indication that she did anything but exercise her right to seek benefits from a government program.

The long quest

First in the family to go on the SSI rolls was her second child, Sam. It was 1978 and he was 4 when Ms. Watson filed his application. He had just been declared "mildly mentally retarded" by evaluators at Northeast Louisiana University. Ms. Watson had said then that he was violent, a threat to other children.

Relying on that report, Social Security decided in June that Sam should get benefits. But, a month later, a man developed. Concerned that checks were being handed out too casually, the agency had begun to second-guess new awards. A pediatrician reviewing Sam's file said that his "problem" was normal childhood behavior. Social Security workers tossed Sam off the rolls.

Ms. Watson applied three more times unsuccessfully for Sam. Then in 1981 gave up — temporarily.

For 27 months, she made no claims. During that period Social Security underwent profound change, the result of the worst crisis in its history.

The agency had admitted in 1980 that 20 percent of disability recipients shouldn't be getting checks, prompting Congress and the Reagan administration to order a purge of the undeserving.

Social Security kicked hundreds

of thousands of people off the rolls, generating a public outcry that forced Mr. Reagan to end the purge in 1984. Congress, the courts and Social Security reacted by opening up the rules, producing a sharp rise in the number of people entering the program — including a tripling of the children's rolls between 1989 and 1994.

Determination to guard the public purse against cheaters gave way to concern about cheating the deserving poor.

Sam Watson was one of the first to benefit from this new attitude.

In February 1984, at the peak of the backlash, Ms. Watson filed his fifth application, again claiming that he was retarded and had behavior problems. "I have to keep knives or weapons away from him — he has injured his brother," she said.

Sam was soon getting his checks.

Now 21, Sam still gets a check.

Critics say there is little incentive for him to overcome his disability. His parents would lose the money if he does. And Social Security rarely checks to see if children are still disabled.

The agency has not reviewed Sam's condition since awarding him benefits.

It is a pattern that conservatives see in many government entitlement programs — benefits that encourage recipients to lead unproductive lives.

Not only did Sam become the first Watson to win benefits, he was the first to get a retroactive "bonus."

Because SSI payments are

backdated to the date of application, no matter how long it takes Social Security to award benefits, each successful applicant gets a retroactive payment. In 1984, Sam's was nearly \$800, covering the three months between application and approval.

Eight years later, Sam produced a much larger "bonus" for Ms. Watson. Social Security sent her nearly \$10,000 after concluding that Sam really should have been put on the rolls in 1980. In 1980, Sam's brother Cary got a similar \$10,000 payment. In all, the family has received \$37,000 in tax-free

retroactive payments.

Sam and Cary's checks grew out of a 1990 Supreme Court ruling known as the Zebky decision. Social Security was told to evaluate children as thoroughly as it does adults and ordered to reopen a half-million cases dating from 1980.

The result: The doors to disability payments were thrown open for children. So far, 134,000 of them, including Sam and Cary, have shared in retroactive payments of \$1.4 billion.

By November 1991, six of Ms. Watson's seven children were on the rolls.

Cary became the last, finally making it in February 1993.

Ms. Watson filed his first application in 1989 when he was 16. A psychologist found him "borderline ... easily irritated ... aggressive and explosive" and noted that he had killed a man in self-defense.

Caseworkers turned him down.

Ms. Watson applied again and got the same answer. This time she appealed to a judge.

Meanwhile, Cary went to prison for nearly two years for kicking his pregnant girlfriend, injuring her and the child, and his case was put on hold. Once freed, he went to a psychologist who told Social Security that he had an IQ of 83, "strong anti-social features in his personality and is volatile and explosive."

And, added Dr. Bobby L. Stephenson, of Monroe, La., "He said he does not want to work."

A month later, in February 1993, the judge awarded Cary monthly checks, and gave him the retroactive payment, excluding his jail time.

Eased access

Start to finish, Ms. Watson's quest for her children took 15 years. It spanned a period when Social Security and Congress eased access to

benefits for a number of reasons; importantly for the Watson family they included expansion of the list of mental ailments that qualify. Today, mental problems are the primary diagnosis for almost two-thirds of the children among the 4.5 million disabled SSI recipients. Ms. Watson's offspring are among the two-thirds.

Only one of them, Oleaner, 13, baby of the family, still attends Southside Elementary School, across the street from the Watson house.

The principal at Southside is Willie Lee Bell, a man who despises the SSI program.

Broad-shouldered and soft-spoken, Mr. Bell knows poverty, too. He grew up with 10 brothers and sisters in a four-room sharecropper's house on Eppe Plantation in West Carroll Parish, where his father worked 12 hours a day. His failed kidneys would automatically qualify him for disability payments from Social Security if he chose not to work.

He has watched the tidal wave of SSI applications up close. For



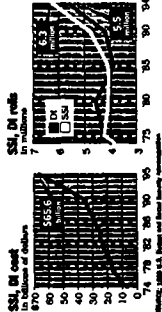
Sam Watson photo

After 11 years and five rejections, Social Security approved disability for Rosie Watson.

BY THE NUMBERS: SOCIAL SECURITY'S DEBILITY PROGRAMS

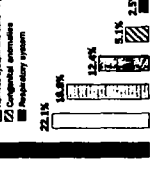
Disability Insurance (DI) is for workers who have contributed to the Social Security system and become disabled by illness, injury or accident. They are entitled to have early if they are disabled by illness, injury or accident. DI pays \$40 billion a year to 5.3 million people.

Supplemental Security Income (SSI) is for the disabled aged and poor who have contributed little or nothing to the trust for Social Security. SSI is a means-tested program for the disabled aged 65 and over, blind, and children under 18. SSI is paid to 6.5 million a year. Some qualify for benefits from both programs.



Percentage of children receiving SSI by diagnostic group, Dec. '84.

- Intellectual disability: 38.1%
- Other mental disorders: 14.8%
- Physical disabilities: 12.4%
- Other diseases: 12.4%
- Neurotic system and sensor organs: 5.1%
- Congenital anomalies: 2.1%
- Profoundly retarded: 2.1%



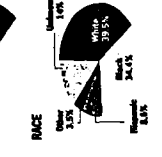
Percentage of children receiving SSI by sex and race

SEX

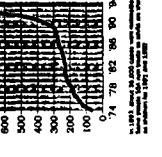
- Male: 62.7%
- Female: 37.3%

RACE

- White: 39.5%
- Black: 34.4%
- Other: 6.1%



Disability Insurance (DI) is for workers who have contributed to the Social Security system and become disabled by illness, injury or accident. They are entitled to have early if they are disabled by illness, injury or accident. DI pays \$40 billion a year to 5.3 million people.



Woe in Woodlawn: How Social Security fell from grace

By John B. O'Donnell
Sun Staff Writer

Once likened to the Marine Corps for its can-do efficiency, the Social Security Administration never regained its luster. That was the month the agency was hit by a massive program created by Congress for the elderly and disabled.

The SSI program "marked the agency's fall from grace," wrote "Agency Under Stress," a 1974 book by Virginia H. Rouse. The Social Security Administration was then 39 years by managing what was essentially an insurance company. Baltimore, selected "premiere" overseas a trust fund, and dis-

When they retired, they began to feel like a terrible person. My personal view is that Social Security never recovered."

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MONDAY, JANUARY 23, 1995

America's most wanted welfare plan

Addicts squander checks on drugs and alcohol

After years ruined by alcohol and cocaine, Jack Gordon Hill Jr. of Baltimore thought he'd found peace with his kitten Serenity in a California drug treatment center. Months later, he was out on the street, Social Security disability cash supporting his habits.

By Jim Haner
and John B. O'Donnell
Sun Staff Writers

They found Delmont Williams' body in an alley off Harlem Avenue, lying under the bald branches of a withered willow tree, staring up at the afternoon sky through dead eyes on "check day."

He had enough alcohol and heroin in his veins to intoxicate three men.

And you paid for it.

The homeless Army veteran overdosed with money from a Social Security program that doles out monthly checks to 8 million people who are too old or disabled to work. But 250,000 of them are believed to be hard-core substance abusers who routinely squander

the cash on drugs and alcohol.

Beginning Friday, the new Republican-led majority in Congress will examine the problem in hearings on Capitol Hill. Some are already vowing to give addicts the ax.

But they will soon learn that it's easier said than done because of one little-known fact:

Most of the addicts and alcoholics on the rolls — perhaps as many as three out of four — are retarded, blind, crippled or suffer from some other disability that would still entitle them to the \$458 monthly

checks. And Congress has refused for two decades to provide treatment for addicts in spite of a chronic shortage of even the most basic rehabilitation. Fearing that any

appearance of coddling drug abusers would invite voter backlash, the nation's lawmakers have ignored social workers and drug counselors who say that intensive long-term treatment is the only answer.

"The first reaction of right-wing conservatives will be to gut the program completely," says Dr. Sally Satel, a Yale psychiatrist. "And the real liberal types won't want it touched. But either of those courses would simply perpetuate this crisis."

Says Pam Rodriguez, a Chicago drug counselor: "We have never seen a population like this before. For years, Social Security saw its job as to simply write checks. Now, we're getting [people] and they're ruined. We don't even know where to start."

Checks for the drug abusers are costing taxpayers \$1.4 billion

a year. Most are alcoholics. The vast majority are men. Almost half are black. Their average age is 42. And few ever kick their habits. Rather, they usually end up dead or in prison within seven years of receiving their first check.

The case of Delmont Williams is typical.

A bearded father of two who drifted from North Carolina to Baltimore, his medical records show that Social Security knew he was a hard-core alcoholic when it mailed him his first check in 1987.

His liver was swollen from years of heavy drinking. His teeth were missing. And his skull — bashed in years earlier in a drunken brawl — was webbed

See ADDICTS, 8A



Checks flow as treatment lags

you can't use your check to buy it on your own.

Under the rules set up by Congress, Social Security is required to pay checks to addicts who are caught spending them in a residential program.

Adding insult to injury, runners say, Congress authorized Social Security last summer to carry out a plan to cut off addicts' checks after three years. The agency says the move will trigger \$275 million in institutional, processing and legal costs — enough to buy residential treatment for 35,000 addicts.

"Instead, we're spending it to shove these people back out onto the street in 36 months," says an unrepentant Jack Gosselin, who represents state rehabilitation directors in Washington. "We stop their drugs for them for three years but we won't get them in patient treatment. It's insane."

But will the crackdown achieve the results that Congress promised its taxpayers when it agreed to pursue addicts from the roads? That's because most of them suffer from other physical or mental disabilities that will qualify them for aid.

"The fact is that drinking and drugging is usually just part of the problem," says Joe Meier, a Washington spokesman for the addicts. "They usually have a complex of ailments that may or may not be related to their substance abuse."

Willard Redpoint is a waiting situation.

'Pints away from dead'

Most mornings the 42-year-old Dakota Indian can be seen stumbling down Larimer Street on the graffiti-crusted industrial fringe of downtown Denver, a bottle of 90-110 brand wine in his trembling hand and a glassy film across his bloodshot eyes.

At 10:30 on a bright, clear morning in August, he is already drunk. So drunk that when he blows into a breathalyzer, or a nearby homeless shelter he registers a porethane breath, 43 blood alcohol level — four times the amount to be considered legally inebriated.

"God almighty, Willard!" shouts Gus Carr, director of the shelter. "You're about two pints away from dead!"

He breaks into a heated lecture, brow lowering. Arriving in 1981, he reminds Willard Redpoint that at least 41 men have killed themselves on Larimer Street with disability aid money in the past few years.

"You know a lot of those guys don't read?" Mr. Carr demands. "You want to read up like them?"

"I like my wine," Willard Redpoint replies sheepily. "I like to drink."

Feeling of sorrow and embarrassment turn him right of sleeping in an alley, he says he can't remember how long he has been getting disability checks. Court records show it has been at least since 1985.

But alcoholism is far from his only problem.

Willard Redpoint is mentally retarded. And his brain is damaged from a car accident that sent him hurtling through the windshield of a pickup truck when he was a child. He signs his name

with an "X" because he cannot read or write.

When he was 4, a gang of thugs kidnapped the father during a robbery. A few years later, his mother was taken away to a mental institution. By the time he was 15, he was drifting the Western high country alone.

His earliest arrest in Denver is recorded in court files at age 25, when police found him stumbling



JOSEPH D. HOLLISTER faces the ban 61 men have killed themselves on Larimer Street with disability aid money, says Bob Carr, director of a Denver homeless shelter.

drunk down the center of a state lane interstate in the middle of the night. Since then he has been arrested 16 times in alcohol-related incidents.

In 1986, he beat another homeless man to death with a slab of concrete over a stolen radio. Convicted of manslaughter, he served three years in prison, finding his habit with homemade pota-
toe soup.

"It gives you a hangover in the morning," he says of his drinking. "And TI and up drug. But that's the only bad part."

Each morning, he goes to a homeless aid station where social workers plot out his monthly checks to him in \$10 installments.

"I can buy four bottles of wine with that much," he says. "That's a lot of wine."

Left without treatment, counseling or supervision, Willard Redpoint receives just enough money every day from U.S. taxpayers to drink himself to the edge of death.

And the crackdown launched by Congress last summer, with multi-election year motives will do much to stop him. If Social Security cuts off the checks because of his alcoholism, all he will have to do is

reapply, using mental retardation and brain damage.

But do drug counselors and social workers expect any of the other measures Congress passed in August to have much effect? Among the mandates were orders for Social Security to force addicts into treatment programs that don't come and to hire special inspectors to make sure they don't default their checks.

But the agency has had inspectors in 18 states for years. And they say they have been encouraged to follow by a lack of funding.

Little supervision

In California, Social Security monitored addicts so poorly that it continued to send checks to 118 of them made over more than prison, the state attorney general found last year. And in Illinois, a Chicago firm lost track of 7,000 more. Because Social Security never provided a list of their names.

And Social Security does not expect to be able to tighten supervision with the money Congress wants to spend on the job. Rather, arrest firms will be paid roughly \$600 per addict to monitor their whereabouts and make sure they are signed up on waiting lists until their checks are not in 36 months.

"Obviously one long-term goal is to rehabilitate people," says Commissioner Shirley S. Chatter, the agency's head. "And the way we do that is to have these monitoring agencies encourage the addict's sense of individual responsibility to find treatment for himself."

But Social Security estimates that the majority of substance abusers on disability — perhaps as many as 300,000 — will continue to get checks and go untraced long after the three-year cutoff because of loopholes in the law.

As many as three out of five are exempt because they have other disabilities. And another two out of three are collecting DI checks that can't be cut off until three years after they are actually accepted into a treatment program because Congress decided they "earned" their benefits.

Meanwhile, new addicts continue to pour into the rolls. Social Security estimates that the number drawing checks today will almost double by the turn of the century.

"It is time to get on giving them cash," says Dr. Salim, the Yale psychiatrist. "But it also makes no sense to just take that money away and place it into some other program. Congress has to wake up to the fact that we need hard-headed treatment to interrupt this cycle of addiction, crime and punishment that is costing taxpayers a fortune in more ways than one."

Estimates by the National Association of State Alcohol and Drug Abuse Directors are that every dollar spent on drug treatment saves \$14 in police, court, reentry costs and prison costs.

But so far Congress and Social Security have been unwilling to spend the money — even in the case of men like Dr. William Williams who desperately want treatment and will surely be without it.

"It is not our job to solve the problems of the addict population," says Deputy Social Security Commissioner Larry Thompson. "Our job is to write checks."



Willard Redpoint is mentally retarded. And his brain is damaged from a car accident that sent him hurtling through the windshield of a pickup truck when he was a child. He signs his name with an "X" because he cannot read or write.

Tomorrow: More than 700,000 unemployed collect \$4.08 billion in disability because Congress and Social Security opened SSI to the mentally ill almost a year before. Now the problem is so big it will be difficult to fix.

Wednesday: What began as a high-stakes game of political poker in 1968 turned into America's most precious welfare plan. Expanded by Congress, it now underpins the Social Security retirement fund and increases the federal deficit.

MONDAY, JANUARY 23, 1995

TH

SPECIAL REPORT

A Baltimore addict's odyssey

SSI saved him — or so he thought

By Jim Haner
and John B. O'Donnell
Sun Staff Writers

FRENCH CAMP, Calif. — Jack Gordon Hill Jr. knows he's not very popular these days. He knows a lot of taxpayers hate the idea that he's getting \$458 a month from Social Security simply because he disabled himself with drugs and alcohol.

He has friends on the street who get the checks and use them to buy dope and booze — hardcore addicts who could care less that they are tempting Congress to wipe out the Supplemental Security Income program for substance abusers.

But he also wants you to understand that it's the only lifeline for people like him who are serious about getting themselves cleaned up and back to work.

"It's like I been falling in a bottomless pit all my life and all the sudden there was this one thin branch sticking out," said the 41-year-old Baltimore native in a July interview. "I grabbed it. Now, I'm climbing out."



SCOTT AMER/SPECIAL TO THE SUN

"I have a lot of apologies to make to a lot of people, especially my kids," says Jack Gordon Hill Jr.

Six months later, he would find that the climb was longer than he thought.

Last summer, he was full of hope. The one-time beautician from Hampden sat on the edge of his bed in a treatment center in the middle of the California desert and gently cupped a kitten in his scarred hands. Her name was Serenity, something he said he had finally found after more than two

decades.

He verged on tears as he described how his life was torn by cocaine and liquor. The infant son he put up for adoption. The two small daughters he abandoned in Baltimore. The ruined marriage. The years in jail for petty theft, shoplifting and burglary.

"I have a lot of apologies to make to a lot of people, especially my kids," he said.

He was interrupted by his roommate crying out in his sleep. Bathed in sweat, shivering beneath a rough wool blanket, the other man twisted in his sheets through the first stage of heroin withdrawal.

Jack Hill returned to the question at hand: Why should taxpayers be willing to continue giving checks to addicts?

"SSI saved my life," he said. "If it wasn't for SSI, I'd still be out there on the street."

Six months later, after graduating from the program, he was back on the same dismal street corner in nearby Stockton — stoned and stumbling, with federal cash in his pocket and a head full of drugs.

"He left here clear-eyed and looking like he would make it," said Craig Wooden, director of the clinic. "Now, he's wiped out again. The fact is that 80 percent of them relapse without intensive follow-up, but there's only so much we can do for them."

TUESDAY, JANUARY 24, 1995

SPECIAL REPORT



Stephan No, a Cambodian refugee, admits paying a middleman to help his family find doctors and caseworkers in order to qualify for SSI.

America's most wanted welfare plan

By Jim Hasez
and John B. O'Donnell
Sun Staff Writers

Immigrants walk off the boat and onto SSI disability rolls

They came in a huddled mass, tired, poor and yearning to breathe free. Then, they saw the ads.

"You are disabled, mental disabled, having serious sickness or being wounded, you may be eligible," proclaimed one offer in a Cambodian newspaper in Santa Ana, Calif.

"Free counseling," said another in Beverly Hills. "Client will only pay after receiving money."

And again in San Jose: "We are professionals on SSI — with 85% success rate!"

Through such ads, thousands of immigrants have stepped onto U.S. soil in recent years and found their way to hucksters, con men and entreprenuers social workers who steered them onto a federal welfare program for the

disabled called Supplemental Security Income. Without working so much as a day, the new arrivals begin collecting \$458 a month.

In just five years, their numbers on the SSI rolls have doubled to more than 700,000 — making them the second-fastest growing group in a Social Security program originally intended for poor Americans too old or disabled to support themselves.

In 1994 alone, their monthly payments absorbed almost \$4 billion in taxes — enough to buy a four-year education at Harvard University for every

graduating high school senior in the Maryland public school system.

And more are on their way from such places as Mexico, Vietnam and Russia as an immigration boom almost unprecedented in U.S. history continues.

Now, the new Republican majority in Congress is gunning for them. Spurred by the mounting voter outrage that led California to cut off services to illegal aliens in November, the GOP is expected to call later this week for deep cuts in disability aid to noncitizens.

It's time for them to live up to the commit-

ments they made when they came to this country," said Sen. Rick Santorum of Pittsburgh, a former Republican representative who parlayed promises to purge the foreigners into a successful Senate campaign. "We cannot allow ourselves to become the dumping ground for the world's problems."

But records make clear that Congress is largely responsible for the problem. It triggered the surge by inviting thousands of mentally ill refugees into the United States and allowing them onto SSI just as it was passing the most generous mental disability rules in history.

As a result, more than 1 million "mentally disabled" people came onto the rolls. And mental problems became the No. 1 claim of those seeking aid — citizens and noncitizens alike.

See B2/5333, 6A

THE
DISABLING
OF AMERICA

Third in a series

CAN YOU QUALIFY FOR MENTAL DISABILITY?

Here is a list of symptoms that Social Security uses to determine whether an applicant is eligible for \$458 monthly disability checks for emotional, psychosomatic or personality disorders.

Emotional disorders:

- A. If you have four of the following, you may be depressed:**
1. Loss of interest in activities.
 2. Trouble sleeping.
 3. Agitation.
 4. Decrease or increase in appetite resulting in weight change.
 5. Decreased energy.
 6. Feelings of guilt or low self-esteem.
 7. Difficulty concentrating.
 8. Suicidal thoughts.
 9. Hallucinations, delusions or paranoia.
- B. If you have three of the following, you may be manic:**
1. Hyperactivity.

2. Racing thoughts.
3. Uncontrollable talkativeness.
4. Inflated self-esteem.
5. Decreased need for sleep.
6. Easy distractibility.
7. Failure to recognize unpleasant consequences of actions.
8. Hallucinations, delusions or paranoia.

C. If you have a combination of the above symptoms, you may be manic-depressive.

Psychosomatic disorders:

If you have one of the following, you may qualify:

1. A history of unexplainable symptoms beginning before age 30 that resulted in unnecessary medication, doctor visits and changes in living habits.
2. Frequent disturbances of sight, hearing, speech, sensation or use of limbs with no known physical cause.

3. Unrealistic actions based on imaginary physical symptoms.

Personality disorders:

If you have one of the following ingrained behaviors, you may qualify:

1. Seclusiveness, unreasonable suspicion or hostility.
2. Odd thinking, speech or behavior.
3. Mood swings.
4. Chronic dependency, passivity or aggression.
5. Unstable relationships and impulsive damaging behavior.

Any of the above combined with at least two of the following may make you eligible:

1. Restriction of daily activities.
2. Inability to function socially.
3. Inability to concentrate or complete work tasks.
4. Deteriorating work quality.

SOURCE: Social Security Administration

Tales of suffering — some true, some not

From LA

Records show that immigrants came onto the rolls for mental disabilities at a faster rate than any other group except children, demonstrating the combined effects of open-handed immigration policies and relaxed rules on mental disability.

Today, Social Security pays out more than \$25 billion to 6.3 million disabled and elderly people. One out of every eight is a legal alien or refugee. Of the disabled, one out of every three is getting checks for a psychological problem.

These two facts are closely related. Behind them is the story of a 24-year immigrant boom that caught Social Security unaware, the rise of America's disability culture and how they were both promoted by Congress. And it might not have been told at all if not for a man named Shmady McNeil Chan.

A 33-year-old San Diego County social worker, he ran a collage industry from the front seat of his gray BMW 318i sedan helping Southeast Asian refugees scam money from Social Security.

For a fee of \$2,700, he led a ble-bodied aliens into a federal office building in San Diego, took them before Social Security caseworkers and fabricated harrowing tales of wartime suffering that he claimed left his clients too traumatized to hold a job.

He had been able to do this for seven years, he boasted to a group of potential clients last year, because few of the agency's caseworkers could speak foreign languages well enough to question immigrants directly.

"Not to worry," he assured them. "They are Americans. We are Cambodians."

Posing as a translator, Chan did all the talking. He then steered his clients to psychologists who — citing the mental disability rules passed by Congress — confirmed that they were mentally ill and couldn't work. Social Security would then begin mailing them monthly payments.

In this manner, Chan once boasted, he had no trouble getting checks for 2,000 of his countrymen, a population that would cost U.S. taxpayers more than \$10 million a year.

He had no way of knowing that three of his customers were undercover informants for the California attorney general's office or that his sales pitch was being recorded by hidden micro-

Caught red-handed, Chan was convicted last year of lying to caseworkers to get his clients government aid.

In exchange for a lenient sentence, he agreed to help state agents "sitting" doctors, druggists and psychologists running "disability mills" for Southeast Asian refugees in Southern California. One Vietnamese doctor and another Cambodian translator have been indicted so far.

"They are big men from the SSI — rich men," said Sombath Uon, a 44-year-old Cambodian who helped bring down McNeil Chan. "You see them in their big houses with their new cars. And the people are waiting in line outside their door to get the SSI like beggars. They are teaching the people to lie, to steal from the government."

"They are like godfathers."

Powerful figures

From San Diego to Seattle, the middle men have become powerful figures, he said, commanding respect once reserved for village elders.

Some are trained and bonded translators who help refugees with everything from drivers' licenses to mortgage settlements. But others are fly-by-night hustlers who herd the sick, the poor and the gullible

through Social Security's English-speaking bureaucracy, then take a cut of the check and disappear.

They advertise in California's Vietnamese newspapers and on Cambodian radio talk shows. They rent office space in places such as Long Beach, where 100,000 refugees have given the city what is said to be the largest Cambodian population outside Cambodia. They do business in Thai, Laotian, Filipino and Japanese.

Alerted by the California attorney general's office to the fraud and unabashed marketing of the troubled aid program, Congress and President Clinton approved a raft of paper changes to the SSI law last summer.

What they did not do is fix long-standing flaws in the program that have allowed untold millions of dollars in fraud and waste to flourish for more than two decades.

They did not give Social Security money to hire or train more bilingual caseworkers. Rather, Mr. Clinton is cutting the work force at a time when only 14 percent of the agency's 30,000 caseworkers speak anything but English and less than 1 percent speak the Asian or Eastern European languages involved in most of the known fraud.

Congress did not address the fact that federal law enforcement

agencies have turned a blind eye to the fraud, leaving 300 Social Security field investigators on their own. It is the equivalent of asking one Baltimore Police Department district station to cover the entire state of Maryland.

And Congress did not acknowledge that it is largely responsible for the problem it is now complaining about.

In the grip of the Cold War, the nation's lawmakers began as early as 1965 to loosen immigration rules for refugees fleeing Communist countries, giving automatic residency to many and triggering a sharp rise in immigration.

A decade later, they created SSI — telling taxpayers that the program was for elderly and disabled Americans who could not help themselves.

But low-level legislative aides who wrote the program's rules inserted a sentence that wiped out long-standing residency requirements that once kept immigrants from getting government aid for years. And it meant that refugees were eligible the moment they stepped off the boat.

Then, beginning in 1984, Congress approved new mental disability rules that made it easier for the mentally ill to get on SSI — just as a tide of mentally stressed refugees was streaming through America's golden door.

The fall of South Vietnam, the civil war in Cambodia, the exodus from Fidel Castro's Cuba, the U.S.-backed

contra war in Nicaragua, the collapse of the Soviet Union, the fall of the Berlin Wall, the disintegration of Haiti and other calamities brought more than 15 million legal aliens into the United States.

It was 25 percent of the total U.S. immigration since 1820, packed into little more than two decades. And almost half came from the Asian and former Communist bloc countries of Eastern Europe that now account for most reports of translator fraud.

"We're dealing with an alien community isolated by language and cultural barriers that has been traumatized by unbelievably brutal wars and incredible poverty," said Chris Rodriguez of the California attorney general's office. "And we have a set of mental disability rules that practically any of them can pass, even though they may be working and supporting their families."

The new immigrants arrived to find a Social Security

Administration that had failed to train its work force in foreign languages.

"It's a problem we weren't even aware of until the last few years," said Lenore Carlson, who oversees the agency's 1,300 field offices.

Few facts, big problems

Social Security never kept a comprehensive record of which officers were being hardest hit, she said, and never compiled enough data on immigrants to get a true picture of the boom. Likewise, no congressional audit of disabled aliens has ever been done.

Meanwhile, caseworkers were

drowning — caught between time-consuming applications from aliens and demands from supervisors to keep the cases moving in the face of a shrinking work force.

"We get all the runaways, homeless and vagabonds from four states," said Jeff Saul, a Seattle caseworker. "They're babbling at you in four dialects of Chinese, 13 Asian tongues, Spanish, Russian, Ukrainian and Filipino. We're using translators and sign language to prepare their applications."

"And God help you if you make a mistake or your productivity slips. Friend, you don't know what frustration is until you've spent a day in an SSA field office."

That's not the way Social Security Commissioner Shirley S. Chater tells it.

"I recently returned from a trip out West and was greatly heartened to see our people all pulling together in a spirit of cooperation to get a handle on this problem," she said in a recent interview. "And I believe we are. There's an optimism and positiveness that is inspiring."

Of the 913 Social Security field workers in the Seattle region, only 26 speak Asian or Eastern European languages, leaving them heavily dependent on free-lance translators. And none speak Cambodian.

Given these circumstances,

caseworkers say, events that unfolded there last year should come as no surprise.

After nearly four years of gathering leads on a suspected translator fraud ring, the state Office of Special Investigations drew the interest of the U.S. attorney's office in Seattle, which launched the only federal investigation to date into immigrant fraud.

FBI agents tracing the clients of one translator uncovered 50 unqualified applicants who would have drawn almost \$17 million in benefits in their lifetimes had they not been caught, said Assistant U.S. Attorney Steve Schroeder.

"If that isn't enough to drive you crazy, consider the fact that we have taken down three of these guys so far," Mr. Schroeder said. "And between the three of them, we're talking about potential losses in excess of \$200 million to U.S. taxpayers."

Typical was the case of a 63-year-old Vietnamese translator named Thah Huyen "Jimmy" Vo.

American dream

Jimmy Vo came to the United States in 1975 after the fall of Saigon, after fording the Mekong River into Thailand with his wife and eight children, after living for months in squalid refugee camps.

Landing in Tacoma, the family began pursuing the American dream as thousands of immigrants before them had done: the hard way. They picked fruit and vegetables in the fields east of the city by day, attended school at night and saved their money.

Within a year, Jimmy Vo bought his first home off Yakima Street — "Little Vietnam" — Tacoma's refugee quarter. By 1980, he had his U.S. citizenship and a master's degree in social work from the University of Washington.

Soon, he opened his own business, Refugee Professional Services. Increasing respectability followed. He became a volunteer counselor for abused children and campaigned on behalf of a Little Vietnam community center.

Then, Jimmy Vo's American success story came unraveled.

"We paid him \$500 to assist us," a Cambodian named Sophan No told Tacoma police. "Jimmy Vo helped my wife and I to lie to the doctors and to the government people in order to qualify for SSI."

"I pretended to the doctors to be very stupid, and this was a lie

because I am very smart," said another immigrant, Saveun David Sam. "I pretended to the doctors that I could not work, and this was a lie because I was able to work very well."

Between them, the two Cambodians qualified for \$32,000 in SSI and other government benefits after bluffing their way through mental examinations with Jimmy Vo's help, court records show. In exchange for their cooperation and a promise to pay the money back, they drew a few weeks in jail. Jimmy Vo got five years in federal prison.

To investigators working the case, Vo demonstrated just how easy it is for almost anyone to exploit Social Security's mental disability rules with the right coaching or a sympathetic doctor. And there are signs that his is not an isolated case.

Unequal equation

Today, there are about 1,500 people on SSI living in and around the compact Little Vietnam neighborhood that covers a few square blocks near Tacoma's Lincoln Park. On their behalf, Social Security pumps about \$3 million every year into the tiny community of neat clapboard homes and apartment buildings.

Social Security officials say most refugees on SSI — two out of three — are simply too old to work. But Tacoma turns that equation on its ear. Of the 1,500 recipients in Little Vietnam, records show, only 200 are elderly.

Still, Ms. Chater said she is confident that fraud among refugees is not widespread.

"We don't want the American people to think this whole program is rife with fraud and start petitioning their Congress members to kill it," she said. "The fraud we're talking about represents a tiny fraction of cases."

Mr. Schroeder, the Seattle prosecutor, is not so sure.

"We keep hearing over and over again that we're making a mountain out of molehill," he said. "But the fraction we've been able to prove amounts to millions of federal taxpayers' dollars. And I stress the words 'able to prove.' The fact is, nobody has dug very deeply into this problem."

That's because Social Security's police force — the 300 agents in the Health and Human Services Inspector General's Office — are so busy investigating scams in other federal programs that they barely have time for anything else.

And federal prosecutors are too busy handling drug cases in most jurisdictions to be of much help. Even when local investigators manage to crack an SSI fraud case, they usually have trouble

TUESDAY, JANUARY 24, 1985

SPECIAL REPORT

Congress opens door to fraud by refugees

finding a U.S. attorney's office willing to take it to court.

"If you look at individual cases of SSI fraud, you're not generally looking at large dollar amounts," said Linda Summers, a senior inspector General's investigator in the Los Angeles regional office. "And that's what we need to justify spending \$300,000 on a full-blown investigation. We're not exactly over-staffed either."

Her office's 13 agents cover a 75,000-square-mile swath of two states that stretches from Los Angeles to Las Vegas — an area that contains no less than 400,000 SSI recipients, zip code records show. To perform a cursory review of that many case files would take each of her agents nine years.

"Finding the fraud would be like trying to find a needle in a haystack," Agent Summers said.

And even when agents prove fraud by a translator they cannot automatically kick his clients off the rolls. Under rules set up by Congress in 1984, they must also prove that the recipient is, in fact, not disabled.

"We're investigators, not psychologists," she said. "How are we supposed to determine whether somebody has a disabling mental condition when four psychologists will examine the same guy and give you four different opinions?"

"The bottom line is that once somebody qualifies for benefits, especially for a mental problem, it's very difficult to get them off the rolls."

And that observation is not lost on the rip-off artists.

Investigators in the San Diego and Seattle probes gave strikingly similar accounts of how crooked translators coach their clients to fake mental disorders instead of physical handicaps — because mental disorders won't show up on an X-ray.

Bluffing through

Further, tests for psychological problems like post-traumatic stress and manic depression are often highly subjective and can easily be faked, if they are administered at all.

"The psychological examinations typically last eight to 10 minutes, and the translator answers most of the questions," said Mr. Schroeder, the federal prosecutor.

"We have cases of refugees who reported severe psychological trauma from witnessing their parents being killed and tortured in Cambodia, then we check their immigration files and find out their parents were with them when they came into the U.S. But they had no problem bluffing their way through the psychological exams and getting checks."

In Long Beach, Calif., where 15,000 residents are collecting \$6.7 million a month in SSI checks, investigators identified one psychologist who certified 300 SSI applicants as mentally retarded in a single year.

Relaxed rules

Today, about one out of three immigrants qualify wholly or in part on mental disorders, according to Social Security.

And investigators agree that it is because of the relaxed rules Congress put into place in 1984 at the behest of disability lawyers and social workers.

Under the old rules, applicants had to prove they were suffering from a condition so severe it prevented them from holding any job.

Now, they need only show that a combination of symptoms prevents them from functioning in a competitive work place.

In effect, Congress expanded the definition of mental disability at the same time that it limited the number of jobs an applicant could be expected to perform. It also said that "pain alone" could qualify — even if there is no medical cause.

— opening disability aid to people with psychosomatic disorders that are difficult to disprove.

Further, the same generous rules apply to another Social Security program called Disability Insurance that lets workers who have paid into the retirement trust fund draw benefits early if they become injured or ill. It, too, has been hit by a sharp rise in mental disability claims.

"There also is little on the record to suggest that Congress recognized the dimensions of the revisions," the Congressional Research Service reported in a recent study. "The probability of being awarded benefits is greater now than it was in 1985."

And the probability that fraud will be detected once checks have been granted has dropped to something approaching zero.

"The whole game is won or lost at the application stage," said Agent Summers. "Once they get in, it's hard to get them out."

Social Security officials say they are painfully aware of the fact.

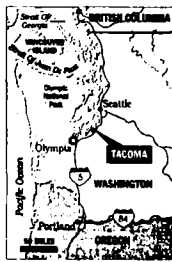
New avenue for fraud

Commissioner Chater cited recent efforts to hire more bilingual caseworkers and to set up telephone conferences so they can help other offices process immigrant claims. But the agency also is expanding its use of volunteer translators.

Lemore Carlson, the field operations chief, said such "freebies" save taxpayers money. But her caseworkers say it's a new avenue for fraud.

In one typical experiment, Social Security now allows immigrants in Bridgeton, N.J., to fill out applications at a Hispanic community center run by volunteers — who turn the paperwork over to the agency's local office each day.

"We are now handling applications from people we have never seen or met," said Frank Comito of the American Federation of Government Employees. "We don't even know for sure that they exist."



Tomorrow:
What began as
a high-stakes
game of political
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1969 turned
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Expanded by Congress, it now
threatens the Social Security
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federal deficit.



SPECIAL REPORT

America's most wanted welfare plan

Congress risks a repeat of past mistakes on disability

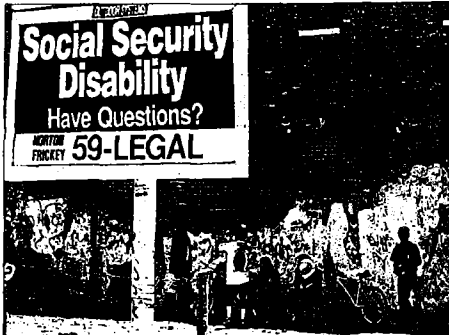
By Jim Haas
and John B. O'Donnell
Sun Staff Writers

House Speaker Newt Gingrich calls it a "sick" federal welfare program that needs a strong dose of Republican medicine. And there can be little dispute that Social Security's \$65 billion disability plan is out of control. Equally clear is that it won't respond to quick cure.

In a recent interview with *The Sun*, the leader of the new Republican majority said he saw the program as a classic example of government killing initiative and encouraging bad habits, destructive lifestyles and dishonesty — at great cost to taxpayers.

As this article has shown, the program has turned many children and adults with mild disabilities into virtual wards of the government. And given drug addicts cash that they have used to kill themselves. It has undercut the work ethic of new immigrants and spawned a seedy industry of "middle men" who profit by getting people on the rolls.

But as a House of Representatives Ways and Means subcommittee convenes this week to examine the problem, its members would do well to abide by the words of the new Republican speaker, Henry H. Hyde, Mr. Gingrich says, in the best teacher — and the history of the federal disability program shows that ill-considered reform can backfire.



A law firm advertisement 60-year-old man Bob Cote's old row. "When lawyers are this interested in a federal program, it's a good bet that it's out of control," says Bob Cote, who runs a nearby halfway house.

The last man who tried to fix it was President Ronald Reagan. His effort to save taxpayers \$3.4 billion by slashing the rolls did much to bring on the current crisis.

When Mr. Reagan took office in 1981, the program was already a shambles.

The General Accounting Office had just reported that almost 600,000 people were getting \$2 billion a year in disability checks that they didn't deserve. Social Security had admitted making another \$1 billion in overpayments because of com-

puter problems.

"Everybody knew that Social Security was making disability errors like mad," said Bert Van Engel, a former agency official.

"The law of averages would indicate that we were probably giving out checks to a lot of people who didn't deserve them," added former Social Security Commissioner Robert M. Ball.

"But that was the will of Congress." What Congress had done was to order the agency to absorb 3 million people who were collecting state disability checks into a new federal program for the elderly and disabled poor called

Supplemental Security Income — whether or not they qualified under federal rules.

Congress went on to declare that whole classes of new applicants with certain handicaps could automatically qualify if they chose not to work. It also forbade Social Security from considering certain forms of income in determining whether they were poor enough to get aid.

In 1980, the nation's lawmakers did an about-face and ordered Social Security to check existing recipients to make sure they were qualified. Then gave it 18 months

See HISTORY, 1A6

**THE
DISABLING
OF AMERICA**

Lost in a morass

Disability teeters on political seesaw

From JA

to gear up for the job. That wasn't soon enough for Mr. Reagan.

He went after the program with a vengeance in 1981.

The president ordered Social Security to immediately review more than 1 million case files for signs of irregularities or fraud — a job that would entail 1,400 worker years of extra labor, or a full month if the agency ceased all other operations. He then began cutting 20,000 employees.

Something had to give.

For starters, new applicants would have to wait while the agency investigated current recipients. The backlog of new claims grew to more than 500,000.

Some 1.4 million old case files were pulled into the agency's offices and evaluated to determine

if the recipients suffered from disabilities that theoretically should have improved.

Without face-to-face interviews, medical exams or any attempt to contact the recipients' doctors, the purge began in the spring of 1981.

"Benefits for thousands of claimants were ceased... without a hearing," wrote Judge Christine M. Moore in an American Bar Association report last summer. "In so doing, the agency chose to largely ignore the law."

An eruption of lawsuits followed — hundreds of thousands of appeals, dozens of class-action suits, box loads of reapplications. So furious was the legal assault that lawyers were copying the lawsuits of other lawyers, complete with the same typographical errors — and advertising for clients on billboards and TV.

"The worst thing Reagan did to this country was trying to shut down these entitlements by doing it wrong," Judge Moore said in an interview. "The attorneys swooped in."

The poor, elderly and handicapped rallied around the disability program, coalescing into a powerful and sympathetic lobbying force. Stories broke out in the media as thousands of truly needy people were hit by the Reagan ax — including a Vietnam veteran who had received a Medal of Honor from the president.

"What are we doing?" Mr. Reagan asked aides at one point. Criticized by the governors of 18

states for bringing on a disability crisis, he finally called off the purge in 1984. But the backlash was just beginning.

Of the 600,000 people who were thrown off the rolls, half got their benefits back at a cost of untold millions in legal and administrative expense to U.S. taxpayers. In opinion after opinion, courts found flaws in the disability law and in Social Security's policy manuals — striking down paper roadblocks that had kept thousands of applicants off the rolls.

The case of Brian Zebky, a 5-year-old who was cut off despite numerous ailments, wound up before the U.S. Supreme Court. It ruled that Social Security's eligibility rules for children had to be rewritten and that a half-million applicants who had been denied benefits had to be re-evaluated.

This decision alone triggered \$1.4 billion in back payments — including lump sum checks to some families of \$20,000 or more.

"Congress went crazy," said former Social Security Commissioner Louis F. Esch.

Goaded by a roar of constituent complaints about the Reagan purge, Republicans and Democrats checkmated the president with the Social Security Reform Act and the Deficit Reduction Act of 1984.

The two laws contained at least a half-dozen provisions that made it easier to get

on SSI and harder to get thrown off. Most important, the Reform Act broadened the definition of what constituted a "mental disability" and allowed 1 million successful applications over the next seven years.

Today, mental illness is the No. 1 claim of applicants and the primary diagnosis for one-third of the 5 million disabled on SSI.

Further, Congress had long ago decreed that the generous rules it had approved for SSI should also apply to another Social Security program called Disability Insurance, which allows workers to draw early from their contributions to the retirement trust fund if they become disabled.

And, in an effort to hold down the growth of SSI, which is paid for through taxes, Social Security has been steering qualified applicants into the DI trust fund for years.

In a 1992 report that went largely unnoticed, the



When President Reagan went after disability fraud in 1981, 800,000 were cut from the rolls without hearings or medical exams — prompting a backlash of lawsuits.



BARBARA HADDOCK/TAP/OF/SUN STAFF PHOTO

When Congress created SSI, it thought it was just taking over state programs, said Robert M. Ball, then-Commissioner of Social Security.

Congressional Research Service warned that this encroachment was jeopardizing the Social Security Retirement Fund — the keystone of retirement planning for most Americans. The report went on to cite mismanagement, loose ties and free-wheeling legislating by Congress as contributing causes of the crisis.

The Reagan attempt to tame the program and the counter-attack it now illustrates a cycle that has been apparent for more than a decade. Members of Congress pass bipartisan laws opening up the program to make it easier for their constituents to get in, only to lamp down again to mollify middle-class voters who are paying the bills.

With few exceptions, these measures have come immediately before or during elections. "Politicians on both sides of the aisle have used the program as a cry issue for years — to say, 'Look at me voters! I'm getting tough on fraud' or 'See how compassionate I am!'" said Susan Galbraith, a legal aid lobbyist. "All the while, they are pushing it to the brink."

The Reagan purge and the constant whipsawing by Congress have brought on a profound and lasting crisis at the Social Security Administration.

Headed by 12 commissioners in 20 years, it has been adrift in a political muddle with no consistent leadership or guiding philosophy. A



BARBARA HADDOCK/TAP/OF/SUN STAFF PHOTO

"Politicians on both sides of the aisle have used [SSI] as a sexy issue for years," says Susan Galbraith of the Legal Action Center.

time line of key decisions and events in the agency's history reveals a chain reaction of accidents and unforeseen consequences.

Today, poor people and injured workers are caught up in a backlog of new claims so severe that it can take more than a year for the agency to get help to them.

Meanwhile, thousands of underserving recipients remain on the rolls because Social Security has all but ceased to check on them to

see if they are still disabled. According to the most conservative estimates, the agency is paying out \$150 million a year to people who no longer need it.

In the past five years, SSI has doubled in cost and is expected to grow by another 50 percent by 1999. The cost of the DI program will do likewise. The two combined are projected to cost more than \$96 billion a year by the turn of the century.

This year alone, disability aid

will consume enough in taxes and retirement trust money to run 30 cities the size of Baltimore, build 18 nuclear aircraft carriers or provide a four-year education at Harvard University for almost every child in the state of Maryland in grades K through 12.

Cutting this \$65 billion behemoth will be a venture fraught with risk. Simple tinkering will invite charges of political cowardice.

Recalling a recent visit to his home district in Georgia, Mr. Gingrich said, "I had 20 kids in wheelchairs in the last town hall meeting because their association had called and said, 'Congressman Gingrich is going to zero out your funding.' This has to be handled sensitively."

So far, House Republicans have scheduled only two days of hearings. And some members are already calling for deep cuts in funding to children, addicts and immigrants.

To Mr. Ball, Social Security's elder statesman, it sounds like history repeating itself.

"The real problem all along has been that if you don't get the rules right from the beginning, you get this constant overreaction by Congress," he said. "It's a seesaw effect. They rock back and forth between being too strict for a couple of years, then too liberal for a couple more."

"There is no consistency. That has been the history."

SPECIAL REPORT THE DISABLING OF AMERICA

Who's in charge of this program?

Year by year, the costs in billions of Social Security's disability programs have soared. Here is a time line of the events and decisions propelling that growth.

	1968	1972	1974	1976	1980	1981	1983
<i>have risen. Here is a time line of the events and decisions propelling that growth.</i>	<p>1968</p> <p>President Nixon asks Congress to show compassion for the poor by passing a new welfare plan. Chief of Staff H.R. Haldeman records in his diary that Nixon doesn't really support his own proposal. Instead, it is a political ploy to win support from black leaders and senior citizens, while dividing the Democratic-controlled Congress.</p>	<p>1972</p> <p>Social Security Commissioner Robert M. Ball asks congressional leaders to delay program, but is ignored. In 14 months, his agency must hire and train 15,000 new workers, write 100 common rules for a national disability program. Congress makes little of the fact that low-level aides have inserted language making drug addicts, children and immigrants eligible.</p>	<p>1974</p> <p>More than 3 million people flood into new Supplemental Security Income program, but by end of January, Social Security's untested communications network collapses, cutting off 1,400 families. Frustrated computer at headquarters outside Baltimore. Thousands are left without checks. Angry mobs jam waiting rooms. One million more people come onto SSI by year's end.</p>	<p>1976</p> <p>Social Security admits it has made \$1 billion in overpayments. Others put the figure at \$2 billion. Money will never be recovered.</p>	<p>1980</p> <p>Alarmed at growth, Congress orders a review of recipients. Ronald Reagan makes Carter administration for failing to control costs. The General Accounting Office says \$400 million in overpayments are improperly costing \$2 billion a year. 11 million immigrants are on their way, driven by generous rules passed by Congress. Some 700,000 alien and refugees will find their way onto SSI.</p>	<p>1981</p> <p>Under orders from President Reagan, Social Security begins to purge 600,000 disability aid recipients — triggering a rash of lawsuits. On appeal, 300,000 get benefits back. Court rebuke sends Social Security issue to Congress. Social Security orders agency to rewrite them. Under new rules, Social Security grants \$1.4 billion in retroactive payments to 134,000 children denied benefits.</p>	<p>1983</p> <p>Brian Ziskind, 5, of autism, is removed from rolls despite disabilities. Case goes to U.S. Supreme Court, which rules that Social Security's disability rules for children are unconstitutional. Social Security orders agency to rewrite them. Under new rules, Social Security grants \$1.4 billion in retroactive payments to 134,000 children denied benefits.</p>

DEPENDENCE: THE DISABLING OF AMERICA

\$85.8

Reacting to public outcry and criticism from 18 governors, Reagan ends the purge. Congress adopts bipartisan "reform" legislation making it easier to get checks and harder for Social Security to cut them off, orders relaxation of mental disability rules. A million "mentally disabled" people begin to pour into SSI.

Congress orders Social Security to seek out the homeless, many of them addicts and alcoholics, and invite them to apply for checks. The agency begins a \$27.5 million national "outreach" campaign to encourage applications. By the end of the year, 4.5 million people are collecting benefits.

Social Security issues a new list of mental symptoms that qualify for benefits under 1984 Reform Act. More than 800,000 children will come onto rolls over the next five years — equaling number who won benefits in previous 16 years. Mental disorders become No. 1 disability of adults and children. By year's end, 4.9 million people are drawing checks.

Unnoticed by Congress, at least 14 states begin to shut down adult welfare programs and dump recipients onto federal disability rolls. Maryland pays a private firm \$3.2 million a year to run people through application process.

Congressional Research Service warns that the Retirement Trust Fund, on which millions rely is threatened by easier access to disability programs. Some SSI applicants are being secured into a program for disabled workers called Disability Insurance that is paid for by the trust. Social Security begins to cut corners. Committee member Gwendolyn King orders workers' expenditure approvals. 5.6 million are on the rolls.

GAO warns that disability caseworkers are swamped and suffering burnout. A million applications are backlogged. Case reviews ordered by Congress in 1980 to be sure recipients are still disabled have all but stopped. The agency has absorbed six budget cuts and the loss of 20,000 employees in a decade. By year's end, nearly 6 million draw SSI checks.

Reports reach Washington that addicts and alcoholics are using disability checks to buy drugs and alcohol. Congress lashes out at Social Security for failing to supervise them and steer them into treatment, but has refused to provide funding. Congress orders the agency to cut addicts off after three years, but most will stay on the rolls because they have ailments beyond addiction.

A new Republican majority in Congress gears up for new hearings starting Friday, vowing to slash checks to addicts, children and aliens. Social security braces for new orders and a surge of lawsuits. Legal challenges by substance abusers are expected to cost more than \$40 million. Number of people drawing SSI checks is 6.3 million. Number on DI reaches 5 million. Total cost: \$65 billion.

Voices for change

"It's clear to me that this program is out of control and badly in need of reform. ... To what extent do we redefine what is truly, severely disabled? Then the question is, do we take the next step and replace cash benefits with available services for those (children who qualify)?"

Rep. Jim Leach, R-Iowa,
Rep. Jim Leach, R-Iowa,
 Means Subcommittee on Human Resources

While there may be problems and the system should be shored up, an all-out attack is simply irresponsible. The

attack is not designed to correct problems. It is designed to cut — to save money and put it to other uses.

Marty Ford,
 lobbyist for Association for Retarded Citizens in Washington

Social Security has the cart so far out in front of the horse that they can't even see it. They started handing out checks to junkies and drunks before they had anything set up to make sure they weren't blowing the money, I say, out them all off until Social Security gets its act together.

All we're doing now is killing people.

Bob Cole,
 director of Stop 13, a Denver halfway house for addicts

It is hard to imagine a more destructive policy than providing monthly checks to drug addicts and alcoholics. ... Paying people because they are addicted to drugs or alcohol is absolutely nuts, and this has to change. We should try to provide treatment, but we should not hand out cash to addicts.

Rep. E. Clay Shaw Jr.,
 R-Fla., chairman, House Ways and Means Subcommittee on Human Resources

I know (cutting benefits) sounds great to the taxpayer

who's fed up with these horror stories about addicts abusing their disability checks. But what the media don't tell you is that most of these so-called addicts are retarded, mentally ill or handicapped in some other way. They need treatment. It's cheaper than prison.

Susan Galbreath,
 legal aid lobbyist

A more reasoned approach [to addicts and alcoholics] would tie in the loss of benefits to willful refusal to accept treatment — until we get to the point ... where we can assure people who need treatment that they can get it.

Dr. Timothy King,
 Social Security Commissioner 1989-1992

No one believes that a parent should receive cash based solely on the fact that their child is disabled. They should receive the medical services and rehabilitation services they need.

Martha Jane Gorman,
 director of special education, Bozler City, La.

Give the children stipends for doing well. I hate to see money spent crazily, but that would be better than what we are doing now.

Ray Owens,
 school psychologist, Morehouse Parish, La.

There is an opportunity here to incorporate SSI with welfare reform. SSI should be state-administered and linked to welfare. ... Keep the federal

might be good — give vouchers for the service they need.

Susan Patton,
 nurse practitioner in Forrest City, Ark.

You give me a book of food stamps and I can go somewhere and sell them. You could take a voucher and mis-use it. Vouchers are not going to help because people are going to sell them.

Alberta Jones,
 mother of 3 SSI recipients in Ruston, La.

We should ensure that severely disabled children are given the help they need to maximize their chances of becoming self-supporting. But we also have to restructure the way benefits are provided and remove current disincentives for parents to get these children to treatment they need.

Rep. Gerald D. Kleczka,
 D-Wis.,
 member, House Ways and Means Committee

Rep. E. Clay Shaw Jr., R-Fla., chairman, House Ways and Means Subcommittee on Human Resources

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Nixon scheme backfires as Democrats trump him

By Jim Nease
and John B. O'Donnell
San San when

If a court of inquiry tried to determine whether President Richard M. Nixon's Social Security's out of control disability program, it would turn up a rich variety of culpable congressional judges, politicians, bureaucrats.

But if patience were to be exercised, the program would be seen as a triumph for the Democrats.

President Richard M. Nixon and his aides have been in a state of confusion since 1969 when he went on television to propose what would become the Family Assistance Plan (FAP).

The federal government should take over state family allowances, boost their monthly payments and provide a job training program for the unemployed. This was the plan.

But that wasn't really what Nixon's plan was. It was a plan to give the federal government a new role in the lives of the poor.

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SEN. RUSSELL B. LONG OF LOUISIANA (left) and Sen. Wilbur D. Mills of Arkansas (right) killed the president's Family Assistance Plan, then turned it into a full-blown cash handout for the disabled poor.



SEN. WILBUR D. MILLS OF ARKANSAS (right) and Sen. Russell B. Long of Louisiana (left) killed the president's Family Assistance Plan, then turned it into a full-blown cash handout for the disabled poor.



PRESIDENT RICHARD M. NIXON never intended for Congress to pass his bill, but it did, and he has watched it play out over the years.

makers simply to pass a 16-page set of uniform rules to ensure that the disabled people were treated equally.

Two Democratic titans, Rep. Carl Albert of Montana and Sen. Russell B. Long of Louisiana, saw the 688-page FAP plan for what it was: a disaster.

They turned it into a full-blown cash handout for the disabled poor. It was a plan to give the federal government a new role in the lives of the poor.

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To call Congress:

The House Ways and Means committee will conduct a hearing on Social Security's disability program. The hearing will be held in the House Office Building, Room 1100, at the Longworth House, Washington, D.C., at 10:30 a.m. on Aug. 11.

Members of the subcommittee will be: Rep. E. Clay Shaw Jr., R-Mo., 225-5388; Rep. J. Edgar Hoover, D-Mo., 225-5388; Rep. J. Edgar Hoover, D-Mo., 225-5388; Rep. J. Edgar Hoover, D-Mo., 225-5388.

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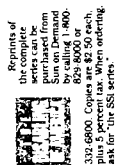
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The Sun 11/25/75

Chairman SHAW. On the second panel, we have Penny Young, Kate Michelman, Cliff Johnson, David Liederman, and Peter Ferrara. If all of you would come sit at the desk, we will proceed.

Again, for the benefit of those that were not in the room, this morning we have 70 witnesses and we are going to strictly enforce the 5-minute rule for Members, as well as our guests who are testifying. All of your complete statements as submitted to this Committee will be made part of the record. You may summarize or proceed as you see fit.

Our first witness will be Penny Young, who is legislative director of the Concerned Women for America.

Ms. Young.

**STATEMENT OF PENNY YOUNG, LEGISLATIVE DIRECTOR,
CONCERNED WOMEN FOR AMERICA**

Ms. YOUNG. Mr. Chairman and Members of the Committee, thank you for the opportunity to address you today. My name is Penny Young, and I am legislative director for Concerned Women for America.

I am here to testify on behalf of Dr. Beverly LaHaye, the president of CWA, and over 600,000 members nationwide. I appear before you today as someone that is not only a representative of CWA, but also as someone who is personally concerned for the 30 million Americans trapped by dependency on welfare.

I spend time weekly as a volunteer mentor to adolescent girls in inner-city Washington. I have also had inner-city experience with the organizations Strategies to Elevate People and Urban Young Life, an organization that ministers to inner-city teens.

I have come to know and love many of these children personally. The devastating effects of welfare in their lives is clear. They live in a culture where out-of-wedlock pregnancy is commonplace and a two-parent home is the exception. These children know few peers who are supported by their fathers. Most take for granted a monthly welfare check and cannot even comprehend a life of self-sufficiency.

Fathers are found nowhere in the children's lives, because the government has paid them not to be there. Illegitimacy is one of the most serious problems facing our country today. We now have a Nation of children who have never experienced a traditional two-parent home.

Children without fathers, especially young boys, suffer greatly and profoundly in many ways. They are six times more likely to stay poor, they more than likely have behavioral problems, commit suicide, become sexually active as teenagers, use drugs, have learning problems, and become a victim or engage in crime.

Finally, children in the welfare system are three times more likely to stay on welfare than other children when they become adults, and that is where we have a bitter cycle of welfare dependency and helplessness. If this system does not punish children, then what does?

Concerned Women for America proposes a two-pronged approach to the overwhelming problem. The government must step back and then allow citizens to step forward.

To begin, government must cap the growth of welfare and other spending. CWA supports the family cap, in which government stops encouraging illegitimacy and subsidizing bad choices. CWA supports block grants to the States to be used in a morally sound and wise manner. Block grants can be used for specific services, such as adoption services, abstinence education, maternity homes and in aid of individual situations best understood at the State level and where accountability is possible. CWA opposes the government funding for abortion.

CWA also strongly supports child support enforcement and paternity establishment as a requirement for receiving welfare funds. Paternity has not been established for nearly 30 percent of the children on the welfare rolls. Society must demand that fathers shoulder the responsibility for their children. Uncle Sam's meager attempts at fatherhood have only created a society in which young men escape their responsibility of fatherhood and often fall into a world of joblessness or drug use or crime.

Work requirements must also be enforced. Able-bodied men and women must either pay to support their families or be required to do 40 hours per week of community service in return for government support for their children. Government should phase in work requirements or community service for all able-bodied nonelderly worker welfare recipients, except mothers of preschool children.

Finally, as the cornerstone of a healthy future, government should work to encourage marriage, not undermine it. Welfare penalizes low-income parents for marriage. However, marriage is the best legal institution to protect and nurture men, women and children. Government should offer an incentive to marriage with a tax credit to parents.

Now, the second part of reform: It is time to give the freedom and incentive for private citizens, churches and community groups to step forward and take on the responsibility of combating poverty. Historically, the modest successful attempts to restore individuals to contributing members of society has been accomplished through social institutions. These social institutions are crucial, because only they, and not government, can address the destructive behavior that sometimes traps individuals in poverty.

Dr. Marvin Olasky contends that the successful social reformers of the 19th century understood that "true philanthropy must take into account spiritual, as well as physical needs." Government cannot meet the spiritual needs of the population, but individuals can. CWA volunteers throughout this country are involved in ministry to families in crisis.

Research by Dr. Richard Freeman of Harvard University showed that black inner-city youth who have religious values are 47 percent less likely to drop out of school, use drugs, or engage in crime. He also found that they are less likely to become sexually active as teens.

CWA believes that it is time for a clarion call to intercession from private institutions across the Nation. We can no longer look to government as the great provider. My colleagues on the other side will tell you that they want welfare reform. But if you listen closely, they simply want more welfare. Government is not the answer. What children and families in crisis really need is a relationship, not a handout.

Thank you.

[The prepared statement follows:]

Testimony of Penny Young
Legislative Director of Concerned Women for America
to The Committee on Ways and Means
United States House of Representatives
February 2, 1995

Mr. Chairman, Members of the Committee, thank you for the opportunity to address you today. My name is Penny Young and I am Legislative Director for Concerned Women for America. I am here to testify on behalf of Beverly LaHaye, President of Concerned Women for America and our 600,000 members nationwide. Thirty years ago this year, President Lyndon B. Johnson began his so-called "War on Poverty." He had intended it to be a temporary investment to help the poor become self-sufficient, saying that "the days of the dole are numbered." But five trillion dollars later, "the days of the dole" are seemingly endless, and some 30 million people still live in poverty. What began as a policy based on good intentions has failed enormously.

I appear before you today not only as a representative of CWA, but also as someone who is personally concerned for the 30 million Americans trapped by a dependency on welfare. I spend time weekly as a volunteer mentor to adolescent girls in inner-city Washington, D.C. I also have inner-city experience through organizations called Strategies to Elevate People and Urban Young Life, an organization which ministers to inner-city teens.

As I have worked with and come to know and love many of these kids personally, the devastating effects of welfare in their lives is clear. They live in a culture where out-of-wedlock pregnancy is commonplace and a two-parent home is the exception. There is no longer any stigma attached to having babies at the age of 15 or 16; it is accepted, even expected for many of these girls. These children know few peers who are supported by their fathers. Most take for granted a monthly welfare check and cannot comprehend a life of self-sufficiency.

I also saw this problem as I grew up in a rural Appalachian region of Kentucky. Although the faces were different, the problems incurred from welfare dependency were the same there as they are in inner-city Washington, D.C. Government spending on welfare in America has been enormous but its answer to poverty and illegitimacy are cheap and ill conceived.

Welfare spending is out of control. Welfare costs have risen every year except one since the mid-1960s, and, according to the Congressional Budget Office, will cost taxpayers over \$500 billion each year and ingest 6 percent of the GDP by 1998.

But welfare has not only consumed our tax dollars at an alarming rate, it has eaten away at the moral base of this country. The human cost is the greatest tragedy. While welfare appears to be a compassionate, quick-fix solution to poverty, it has created many profound new problems that have generational consequences. But there is nothing compassionate about discouraging marriage, work, and families held together by a mother and a father. No, the federal government is not the only source responsible for the current crisis of illegitimacy. However, the government has encouraged out-of-wedlock childbirth by rewarding irresponsibility, subsidizing bad choices, and penalizing marriage.

According to a 1991 study by the Department of Health and Human Services, Uncle Sam is the only "dad" known to the 57 percent of children born to single mothers on Aid to Families with Dependent Children (AFDC). And their ranks continue to swell. In America today, 30 percent of children are born to single mothers, up from 10 percent in 1970. If the current trend continues, we can expect to see 50 percent of all births out of wedlock by 2015. Fathers are found nowhere in these children's lives because the government has paid for them not to be there. President Clinton acknowledged this problem in his State of the Union address when said that illegitimacy is one of the most serious problems facing our country today.

A "big spender" welfare philosophy has cost America far more than the nearly five trillion dollar deficit alone indicates. We now have a generation of children who have never experienced a traditional two-parent home. Children without fathers (especially young boys) suffer greatly and profoundly in many ways. They are six times more likely to stay poor. They are more likely to have behavioral problems, to commit suicide, to become sexually active as teenagers, to use drugs and to have

learning problems. Research has shown that children who are raised in neighborhoods with a large number of single-parent families are far more likely to either participate in or become a victim of violent crime or burglary. And finally, children in the welfare system are three times more likely to stay on welfare than other children when they become adults. And thus we have the bitter cycle of welfare dependency and hopelessness. If this system does not punish children, then what does?

Although these statistics paint a grim picture of a cultural crisis in America, there is still hope. America does not have to continue down the same failed path. Concerned Women for America proposes a two-pronged approach to this overwhelming problem. First government must step back and then allow citizens to step forward.

To begin, government must cap the growth of welfare and other spending. CWA supports the family cap in which government stops encouraging out-of-wedlock childbirths and subsidizing bad choices. Funds should instead be sent to states as block grants to be used in a morally sound and wise manner. Block grants can be used for specific services such as adoption services, abstinence education, maternity homes and in aid of individual situations best understood at the state level and where accountability is possible. CWA opposes the government funding for abortion.

CWA also strongly supports child support enforcement and paternity establishment as a requirement for receiving welfare funds, with only a few exceptions allowed. Paternity has not been established for nearly 30 percent of children on the welfare rolls. Society must demand that fathers shoulder the responsibility for their children. Uncle Sam's meager attempts at fatherhood have only created a society in which young men escape their responsibility as father and breadwinner and enter a world of joblessness, drug use and crime.

Not only must paternity be established, but work requirements must be enforced. Able-bodied men must either pay to support their families or be required to do 40 hours per week of community service in return for government support for their children. Government should also phase in work requirements or community service for all able-bodied, non-elderly welfare recipients, except for mothers of pre-school children.

And finally, as the cornerstone to a healthy future, government should work to encourage marriage, not undermine it. Welfare has transformed marriage from a legal institution designed to protect and nurture children into a decision that penalizes low-income parents. Government should offer as an incentive to marriage a tax credit to parents. This tax credit would compliment steps the government has already taken in expansion of the Earned Income tax Credit (EITC) in situations where a mother marries a low-income working man.

Now the second part of reform. After the government steps back, it is time to give the freedom and incentive for private citizens, churches, community groups to step forward and take on the responsibility of combatting poverty. Historically the most successful attempts to restore individuals into contributing members of society have been accomplished through social institutions. These social institutions are crucial because only they can address the improper behavior that often traps individuals in poverty.

Dr. Marvin Olasky of the University of Texas contends that successful social reformers of the 19th Century understood that "true philanthropy must take into account spiritual as well as physical needs." Government cannot and should not attempt to meet the spiritual needs of the population. But individuals can. As individuals, CWA volunteers throughout the country are involved in ministry to America's poor. They work through churches, societies and one-on-one. For it is the churches and the loving volunteers that are America's best weapon against out-of-wedlock pregnancy and family disintegration.

Research by Dr. Richard Freeman of Harvard University showed that black inner-city youth who have religious values are 47 percent less likely to drop out of school, 54 percent less likely to use drugs and 50 percent less likely to engage in crime. He also found that they are far less likely to become sexually active as teens which attacks the root cause of illegitimacy.

CWA believes that it is time for a clarion call to intercession from private institutions all across the nation. We can no longer look to government as the great provider. As we embrace the need for governmental reforms so should there be private reform in the hearts of individuals. President Clinton reminded us recently of the story of the Good Samaritan who personally cared for his neighbors wounds. In fact all major religions teach the importance of personal service and charity. The church will not battle the government for control over welfare; it is up to the government to get out of the way. Then churches will step forward to provide real hope for the poor and neglected as they have always done. It is time for Americans to become personally involved with society's ills and CWA steps forward to join that call.

Members of the Committee, for your part, the women and men of CWA want public policies that undermine and erode the family to stop. Millions of voters spoke out loudly on November 4th. We want you to keep your promises.

Chairman SHAW. Thank you, Ms. Young.

Our next speaker is Kate Michelman, who is president of the National Abortion and Reproductive Rights Action League.

Ms. Michelman.

STATEMENT OF KATE MICHELMAN, PRESIDENT, NATIONAL ABORTION AND REPRODUCTIVE RIGHTS ACTION LEAGUE

Ms. MICHELMAN. Thank you, Mr. Chairman. I appreciate the opportunity to testify today.

I recognize the compelling need for comprehensive welfare reform that helps women make responsible and deliberate decisions about childbearing, rewards and encourages economic self-sufficiency, and helps to reduce teenage pregnancy. However, the proposal to deny women additional support if they have children while receiving public assistance would be a tragic mistake.

This policy would punish children already in desperate poverty, infringe on women's liberty and do little to address the underlying causes of poverty and unintended pregnancy, and leave some women with no choice but to have an abortion.

Women must not only have access to safe and legal abortion, but also have the means to prevent unintended pregnancy, to bear healthy children and to plan for their family's future. Policies that lead some women to choose an abortion they do not want would be the antithesis of what we should be trying to achieve as a Nation. We should be pursuing policies that elevate the value of childbearing to a much higher level and help make every pregnancy a wanted pregnancy. This will enhance women's ability to take personal responsibility for their own and their families' futures.

I speak to you today as both an advocate of women's rights to reproductive choice and as a woman who once depended on public assistance. With three small children, I was abandoned by my husband. I was left completely and utterly without support. In order to save my family, I was forced onto welfare. Government assistance allowed me to put food on the table for my children and to begin to piece my life back together.

The welfare system indeed needs to be reformed, but it must afford women dignity and encouragement and opportunity, not inflict punishment and pain.

Shortly after my husband left me and my family, I discovered that I was pregnant. After much difficult soul searching, I chose to have an abortion. Another woman in my position might have decided to continue her pregnancy. That woman and her children should not be punished because she makes that choice today.

Like most Americans, I am very concerned about teenage pregnancy and the need for more responsible sexual and reproductive behavior. But with one-quarter of children under age 6 living in poverty, we must not punish them further in the name of reform. With AFDC providing women only a bare minimum on which to live, we must not drive mothers and children further into poverty.

Nearly 60 percent of all pregnancies in this Nation are unplanned, a crisis as deserving of attention as the welfare system. Meaningful reform will help reduce that number of unplanned pregnancies and the need for abortion by increasing the desire for and access to contraception, family planning services and preg-

nancy programs, so that women can achieve healthy planned families.

It is equally important that women who choose to terminate a pregnancy have better access to abortion services. Meaningful reform also will help women take control of their lives and move out of poverty. Job training and job placement, educational opportunities, prenatal care, child care, nutrition programs and much more vigorous enforcement of child support laws and orders will help women achieve economic independence and ensure that children stay healthy.

But the Personal Responsibility Act pays inadequate attention to these urgent solutions. Our Nation's policies must not place women in an untenable bind. A compassionate government should not deny low-income women the option of abortion, force them into childbirth, and then cut off assistance for the children they bear. These policies could cause some women to have abortions they do not want, which is just as immoral and wrong as denying women access to abortion services.

I was fortunate to have been able to overcome that crisis in my life, to get off welfare and to rebuild my own life and my family's future. That is what most women who receive public assistance seek to achieve for themselves and their families. I ask you to support the programs that will help women attain economic independence and to reject punitive policies like child exclusion laws that come at the expense of women's dignity and the health and well-being of their children.

Thank you.

Chairman SHAW. Thank you, Ms. Michelman.

The next speaker will be Cliff Johnson, who is director of programs and policy at the Children's Defense Fund.

Mr. Johnson.

**STATEMENT OF CLIFFORD M. JOHNSON, DIRECTOR,
PROGRAMS AND POLICY, CHILDREN'S DEFENSE FUND**

Mr. JOHNSON. Good morning, Mr. Chairman and Members of the Subcommittee.

CDF welcomes the opportunity this morning to offer our suggestions on how the welfare system can be reformed to respond more effectively to the needs of those it was first established to assist, America's poorest and most vulnerable children.

The American people now understand most of the key policy choices before you and have clear views on how we must proceed. The public's goals are practical. They want families to move from welfare to work. Their demands are realistic. They understand that it will take at least the same resources as we now spend to enable parents to make a stable entry into the work force. They want reasonably enough to feel confident that these dollars are spent effectively. They do not want to cut children off without any chance of support, and they do not want to separate children from their families for reasons of poverty alone.

The American people know that children—who represent two-thirds of all welfare recipients—easily could be hurt by reforms that are intended to punish or to alter the behavior of their parents. That is why poll after poll presents a portrait of Americans

struggling to strike a careful balance in welfare reform, a balance that makes major changes in how welfare works, while still insuring that it protects the next generation from severe deprivation.

Some of the concerns expressed by Majority Members of this Subcommittee clearly have struck a chord. We do need to rethink how government responds to the needs of the small, but, nonetheless, deeply troubling minority of young teenagers who bear children out of wedlock while they are still children themselves.

Similarly, we should find ways of building enough flexibility into the welfare system so that it can provide transitional help to a large majority of families who move quickly off the rolls, while also ensuring that less skilled parents and more troubled families do not become mired in the system for years and years. Paying attention to how the welfare system treats teen parents and long-term recipients makes sense.

But withdrawing the assurance that help will be available when it is needed by desperately poor families with children is a change that the public neither seeks nor wants. If we abandon this fundamental commitment to aid the weak in times of need, regardless of where they live, we lose the moral anchor on which we stake our claim to be a decent, civilized and enlightened society.

The Federal Government for decades has assured the availability of adequate funds for key child survival programs, because the consequences of not doing so, including widespread destitution, hunger, homelessness, illness, abuse and neglect, are unthinkable.

If the Subcommittee is prepared to withdraw this assurance of help by repealing the basic entitlement to AFDC and food stamps, you must be prepared to answer the most basic question: Under what circumstances do you believe it is acceptable and appropriate to turn away a mother and a child from a city or a county welfare office, if they have no other means of support? Should that happen simply because a recession has pushed more families onto the welfare rolls, or because their personal misfortune has struck too late in a fiscal year? Should it happen simply because the State or county has chosen not to provide certain benefits in certain regions or to certain groups?

The loss of entitlement status poses great risk to children and to families. For example, if block grants had stripped AFDC and food stamps of their entitlement status in fiscal year 1988, by fiscal year 1993, States would have had almost \$17 billion less to spend on these child survival programs than they actually received from the Federal Government, a loss of 42 percent. Some States would have lost proportionately more. The State of Florida, for example, would have lost \$1.3 billion, a 67-percent loss in Federal funding. You will find a complete State-by-State analysis of these losses attached to my written statement.

Most Governors and State legislative leaders will not want to deny help to otherwise destitute mothers. But if you impose a block grant without the basic entitlement for AFDC and food stamps, the only flexibility they may be left with will be the flexibility to decide which families are turned away and which children are placed in grave jeopardy by the loss of economic support.

It is possible to give States more flexibility to experiment with programs that move parents from welfare to work, without taking

the deeply troubling step of breaking our promise to protect poor children.

In a very literal sense, Mr. Chairman, the lives of millions of our poorest children are in your hands, as the Subcommittee turns to this task of welfare reform. We urge you to help families receiving welfare to make the transition to work, not to undermine these efforts by repealing the entitlement status of AFDC or food stamps, or by imposing rigid mandates on States that can only impoverish further millions of desperately poor children.

Thank you. I would be happy to answer any questions.

[The prepared statement and attachments follow:]

TESTIMONY OF CLIFFORD M. JOHNSON
CHILDREN'S DEFENSE FUND

I am Cliff Johnson, Director of Programs and Policy for the Children's Defense Fund. CDF is a privately funded research and advocacy organization dedicated to providing a strong and effective voice for children, especially poor and minority children and their families. We welcome the opportunity to appear before the Subcommittee this morning to offer our suggestions on how the welfare system can be reformed to respond more effectively to the needs of those it was first established to assist -- America's poorest and most vulnerable children.

It is time to reform the welfare system. The American people now understand most of the key policy choices before the Congress and have clear views on how we must proceed. The public's goals are practical -- they want families to move from welfare to work. Their demands are realistic -- they understand that it will take at least the same (or perhaps greater) resources as we now spend to enable parents to make a stable entry into the labor force. They want, reasonably enough, to feel confident that these dollars are spent effectively. They do not want to cut children off without any chance of support. And they do not want to separate children from their families for reasons of poverty alone.

The American people know that children -- who represent two-thirds of all welfare (AFDC) recipients -- easily could be hurt by reforms that are intended to punish or alter the behavior of their parents. That is why poll after poll presents a portrait of Americans struggling to strike a careful balance in welfare reform, a balance that makes major changes in how welfare works while still ensuring that it protects the next generation from severe deprivation. There is little support for radical or reckless changes from either the Left or the Right -- what the American people want is some common sense and a reasonable middle ground.

My hope this morning is that you will pause with me for a moment to consider whether the agenda this Subcommittee appears on the verge of pursuing -- one that includes elimination of AFDC's entitlement status and the imposition of sweeping new mandates on states in highly controversial areas such as teenage childbearing, paternity establishment, and absolute time limits -- is consistent with the strongly held values and beliefs of voters and the broader public. **Withdrawing the assurance that help will be available when it is needed by desperately poor families with children is a change that the public neither seeks nor wants.** If we abandon this fundamental commitment to aid the weak in times of need, regardless of where they live, we lose the moral anchor on which we stake our claim to be a decent, civilized, and enlightened society.

Some of the concerns expressed by majority members of this Subcommittee clearly have struck a chord in several key areas. We do need to rethink how government responds to the needs of the small but nonetheless deeply troubling minority of young teenagers who bear children out of wedlock while they are still children themselves. Similarly, we should find ways of building enough flexibility into the welfare system so that it can provide transitional help to the large majority of families who move quickly off the rolls while also ensuring that less skilled parents or more troubled families do not become mired in the system for years and years. Paying attention to how the welfare system treats teen parents and long-term recipients makes sense.

At the same time, however, we must all be careful not to mislead the public and thereby fuel their distrust or cynicism regarding decisions made in Washington. For example, when only one percent of all parents now receiving AFDC -- fewer than 50,000 out of 5 million nationwide -- are teens younger than 18 and many of those teen parents are living in stable and secure family situations, it is both dangerous and wrong to invoke images of 13-year-old girls throwing their babies in dumpsters as justification for wholesale changes in our welfare system. By all means, let's roll up our sleeves and hammer out workable solutions in areas such as teen pregnancy. But **we will do irreparable harm to millions of poor children and families all across the country if we engage in the political equivalent of unscrupulous "bait and switch" sales tactics, talking about small segments of the AFDC population while pursuing policy changes such as lifetime denial of aid to children born to teen parents or the more sweeping elimination of AFDC's entitlement status that reach far beyond these groups.**

CDF strongly supports practical steps to enable parents to enter work and stay there -- child care, health coverage, financial work incentives, and education and training. We understand that these investments in work and self-sufficiency often are expensive but we believe that they also are essential if we are realistically to move parents receiving AFDC from welfare to work. CDF also believes that fairly structured requirements and reciprocal obligations are an appropriate and useful means of striking a balance between compassion and personal responsibility in the welfare system. But we oppose proposals that punish parents who "play by the rules," simply force poor families off the welfare rolls even when parents are willing to work but jobs are not available, or push children deeper into poverty because of past mistakes by their parents.

Why AFDC's Entitlement Status Matters to Children and to States

The federal government for decades has assured the availability of adequate funds for key child survival programs such as AFDC and food stamps because the consequences of not doing so -- widespread childhood destitution, hunger, homelessness, illness, abuse, and neglect -- are unthinkable. If the Subcommittee is prepared to withdraw this assurance of help by repealing the entitlement to AFDC and food stamps, you must be prepared to answer the most basic question: **Under what circumstances do you believe it is acceptable and appropriate to turn away a mother and child with no other means of support from a county or city welfare office?** For example:

- Should a mother and child be turned away simply because a recession pushed more families on to the welfare rolls and available federal funds for AFDC or food stamps had been exhausted?
- Should a mother and child be denied help simply because their personal misfortune struck too late in the fiscal year?
- Should a mother and child be left without income support simply because a state or county chose not to provide AFDC or food stamp benefits in particular regions, communities, or neighborhoods or to specific groups of families?

The only way in which the elimination of the AFDC and food stamp entitlements will reduce federal expenditures is if some currently eligible families with children are denied help. Who are these families that no longer deserve our help? And what will become of the hundreds of thousands -- or even millions -- of poor children who may lose the basic benefits upon which their very survival depends?

The loss of entitlement status also poses great risks to states. When the next economic recession or natural disaster hits and caseloads rise, states that are limited to prior year funding levels through a block grant or capped entitlement will face very painful choices: (1) eliminate assistance to some poor families, either through waiting lists or by newly defining them as ineligible; (2) cut assistance across the board for all families; or (3) add state dollars and possibly raise state taxes to make up the loss of federal funds. States will confront these choices precisely at those times when an economic downturn or other crisis depress state tax revenues and when rising joblessness leaves poor parents with even fewer opportunities in a shrinking job market.

Consider the consequences to poor children and to states if block grants had stripped the AFDC and food stamp programs of their entitlement status in FY 1988. **By FY 1993 states would have had almost \$17 billion less to spend on those programs than they actually received from the federal government -- a loss of 42 percent.**¹ Even if the food stamp program had been allowed to grow at the rate of inflation, states still would have seen their total federal funding through AFDC and food stamps drop by more than one-third.

¹And some states would have lost proportionately more -- the state of Florida for example would have lost \$1.3 billion, a 67 percent loss in federal funding. California would have lost \$2.6 billion, a 46 percent loss.

Assuming that states divided the cuts equally among the eligible population, typical (median) AFDC and food stamp benefits would have been reduced in FY 1993 from \$652 per month down to \$378. States might reasonably be expected to do whatever they could to minimize this precipitous drop in income (from 68 percent of the 1993 poverty line to 39 percent). Would they be forced to cut deeply into work, education and training, and child care programs -- the very tools families need to escape from welfare? Surely this is not the outcome that the Subcommittee seeks in its welfare reform efforts.

These calculations make clear that establishment of a five percent "rainy day" fund to accompany a welfare block grant, as discussed in press reports in recent days, falls far short of resolving the problems associated with the loss of entitlement funding for AFDC and food stamps. The 42 percent loss figure also makes clear that increased program efficiency or "administrative savings" could not possibly provide states enough money to make up for the loss of federal funds. Total federal and state costs to run the AFDC and food stamp programs are approximately 12 percent of the programs' overall expenditures. Even if these administrative costs were cut by 20 percent, total program costs would be reduced just two to three percent, a tiny share of the 42 percent loss.

Most governors and state legislative leaders will not want to deny help to otherwise destitute mothers and children. Yet with sharply reduced funding and an inability to respond adequately to rising caseloads under a block grant, the only flexibility left to states will be the flexibility to decide which families are turned away and which children are placed in grave jeopardy by the loss of basic income support.

Additional Concerns About Block Grants

There are a number of other reasons why converting the current AFDC and food stamp programs into a welfare block grant may not be in the best interests either of poor children or of the nation:

- **A block grant could harm states' efforts to reform the welfare system.** Many states would like to create work slots, impose work requirements, or expand child care for AFDC mothers seeking to work their way off welfare. But under block grants, states would receive fewer federal AFDC funds and be less able to ensure that recipients work. Particularly if caseloads rise and federal funds are exhausted, work-related programs may become early victims of state austerity measures.
- **A block grant could prolong and/or deepen recessions.** Entitlements serve as automatic "economic stabilizers," helping state and local economies recover from recessions. Block grants on the other hand do not provide increased federal funds during recessions and so could prolong economic downturns at national, regional or state levels.
- **Any funding formula for a welfare block grant inherently would misallocate funds among states.** Even if funding could change based on factors such as inflation or unemployment, the formula would be based on past state economic conditions -- perhaps with a time lag of many years -- and could not take into account whether the state economy had improved or deteriorated since then. States with worsening economies would receive too small a share of federal funds while states with improving economies would receive too large a share.
- **A block grant would make state budgeting more difficult.** Since congressional appropriations bills frequently are not passed until after the new fiscal year has already begun, states would have difficulty budgeting for the new year.
- **Notwithstanding any pledge by the congressional leadership this year, funding for a block grant could be slashed repeatedly in future years.** Inadequate funding during recessions as described above could be even worse than anticipated due to tightened discretionary spending caps or lower appropriations.

Will States Always Protect Poor Children Under a Block Grant?

The federal government has a responsibility to assure that the funds it invests in basic income support for poor children and families are appropriately and well spent. There are dangers to children if the federal government abdicates this responsibility. For example, until the early 1970s, states were left to set their own income eligibility and benefit levels for food stamps, even though the program was 100 percent federally funded. Many states set very low limits and some of the poorest counties in the nation declined to operate a program at all. When national studies about child hunger shocked the nation, President Nixon put in place a set of minimum federal standards for food stamps to ensure that every state responded adequately to the needs of poor children and families.

Of course, doubts about the willingness of all states to respond to children's most basic survival needs would be even greater under a welfare block grant that reduced federal funding and left states to pay the remaining costs. In the past, even when states had to bear only a portion of total program costs, too many failed to protect children. In child support enforcement, for example, many states did not allow children born out of wedlock to pursue support from their fathers or put other major roadblocks in the way of parents seeking child support until federal standards were applied. Similarly, when states had the option to extend Medicaid to children in working poor families as well as in welfare families, only about one-third chose to do so.

State Flexibility Can Be Increased Without Eliminating Entitlements

States can be given much of the additional flexibility block grants offer while maintaining the federal-state financing structure for AFDC. Under this alternative approach, states would retain their responsibility to provide cash assistance to all families who qualify for assistance under their state plan and the federal government would continue to share the cost of assistance to eligible families. Federal rules could be limited to those areas where there is a clear federal policy interest. In all other areas, including such diverse issues as the design and structure of work programs, the treatment of income and assets, and the development of innovative measures to reduce reliance upon welfare and enhance self-sufficiency, states would be free to establish their own rules.

This approach to state flexibility is sharply at odds with proposed new mandates on states and counties under the Personal Responsibility Act that would deny basic cash assistance to as many as five to six million needy children. We hope that this Subcommittee, with its interest in expanding state flexibility, will not propose new state mandates in highly controversial areas. We also question the basic fairness of many of the choices that would be imposed upon states:

- Should children and families be left without any cash help or a public service job even when the parent was willing to work but unable to find unsubsidized employment?² "Two years and off" (or five years and off) assumes that every family receiving welfare can find a job but is simply unwilling to work. Are there no depressed rural areas or inner city areas where there is a shortage of jobs? For parents willing to work but unable to find a job, what effect will denying assistance have on the children?
- Should children applying for AFDC after the bill takes effect be denied assistance when paternity is not established even when the mother is fully cooperating with efforts to

²States would be allowed to eliminate all cash benefits to families who have received aid for two years and permanently bar such families from any future aid if the parent had participated in the work program for at least one year. After five years, states would be required to terminate permanently the family from cash assistance.

establish paternity?³ Paternity is not established in many cases not because the mother fails to cooperate but because states' current child support agencies are overwhelmed. State child support agencies often fail to establish paternity even when mothers provide all the necessary information.⁴ Should children be penalized when failure to establish paternity is the fault of an overloaded child support system?

CDF does not believe it makes sense to deny assistance to families who are doing everything that is being asked of them and "playing by the rules." In addition, we believe it is counterproductive to deny all assistance to children because of the circumstances of their birth. Proposals before the Subcommittee which would permanently bar aid to children born to mothers younger than 18 will do little to reduce out-of-wedlock childbearing, but they will do enormous harm to children. Proposals which permanently exclude children for whom paternity has not been legally established are similarly harmful, denying necessities of life during a child's critical developmental stages even when the mother cooperates fully with authorities in naming the father.

Conclusion

The goal we all share in welfare reform is to move families from welfare to work. To make this effort a success, CDF urges the Subcommittee to search for ways to move forward within today's difficult budgetary constraints:

- Can we move more parents from welfare to work by increasing our investment in child care? For AFDC parents, child care allows them to increase their participation in education, training, and employment. For working poor families, child care can prevent them from falling onto welfare in the first place.
- How do we continue to recognize the importance of education and training as avenues to long-term self-sufficiency? Only half of welfare parents have a high school diploma or the equivalent. There is also clear evidence that recipients with higher skills and education have the shortest stays on welfare and are the most likely to stay off permanently. Increasing parents' skills helps them get and keep a job and support their family.
- Are there creative ways within current budgetary constraints to provide jobs for targeted groups of parents on AFDC when private sector employment simply is not available?⁵ While job creation often is expensive, it is an essential way of affirming our belief that work is better than welfare.

³The only exception would be in cases of rape or incest or where the state determines that establishing paternity would result in physical danger to the mother. This provision would eventually deny assistance to one out of every four children applying for AFDC.

⁴In Maricopa County, Arizona, a 1992 study found that the mother provided the child support agency with the name of the father in 91 percent of the cases -- often also providing valuable information such as the father's Social Security number or address, which should have enabled the agency to locate the father and establish paternity. Yet out of 353 cases in which the mother named the father, the agency established paternity in only *ten* cases. In contested cases, it took the agency 16.2 months on average to establish paternity. In Georgia, a group of welfare mothers sued the state agency because they wanted to establish paternity and the child support agency was not giving them the help they needed to do so.

⁵According to a study in Milwaukee, there were eight unemployed workers for every job opening in the city's poorest neighborhoods -- a number nearly six times greater than in the rest of the metropolitan area. As in the children's game of "musical chairs," there simply are not enough seats for everyone.

- What more can be done to strengthen our child support enforcement system? We welcome this Subcommittee's efforts to ensure that every child receives the support of both parents.

It is possible to give states more flexibility to experiment with programs that move parents from welfare to work without taking the deeply troubling step of breaking our promise to protect poor children. In a very literal sense, the lives of millions of the nation's poorest children are in your hands as the Subcommittee turns to the task of welfare reform. We urge you to help families receiving welfare to make the transition to work, not to undermine these efforts by repealing the entitlement status of AFDC and food stamps or by imposing rigid mandates on states that can only impoverish further millions of desperately poor children.

Thank you for the opportunity to testify this morning. I would be happy to answer any questions.

ATTACHMENT #1

2/2/95

**Federal outlays by state for AFDC and Food Stamps, FY 1988 and FY 1993,
and loss in FY 1993 if funding had been frozen at FY 1988 levels.**

Source: U.S. Census Bureau. Calculations by the Children's Defense Fund.

	Actual FY 88 (\$millions)	Actual FY 93 (\$millions)	Increase (\$millions)	Percent Increase	Loss in FY 93 if Frozen at FY 88	Percent Increase Above Inflation	Loss in FY 93 if Block Grant is Adjusted for Inflation
US TOTAL	\$23,850.2	\$40,780.7	\$16,930.6	71%	42%	39%	28%
Alabama	348.5	632.9	284.4	82%	45%	48%	32%
Alaska	65.0	118.9	53.9	83%	45%	49%	33%
Arizona	240.4	652.7	412.3	171%	63%	121%	55%
Arkansas	177.9	280.1	102.2	57%	37%	28%	22%
California	3,102.5	5,719.2	2,616.7	84%	46%	50%	33%
Colorado	203.2	358.7	155.5	77%	43%	44%	31%
Connecticut	189.4	372.1	182.6	96%	49%	60%	38%
Delaware	36.9	80.8	43.9	119%	54%	78%	44%
District of Columbia	92.8	170.3	77.4	83%	45%	50%	33%
Florida	659.8	1,975.8	1,316.0	199%	67%	144%	59%
Georgia	520.0	1,052.8	532.8	102%	51%	65%	39%
Hawaii	126.2	221.2	95.0	75%	43%	43%	30%
Idaho	60.4	88.6	28.3	47%	32%	20%	16%
Illinois	1,276.9	1,654.2	377.2	30%	23%	6%	5%
Indiana	218.5	616.9	398.4	182%	65%	130%	57%
Iowa	235.0	279.2	44.2	19%	16%	-3%	-3%
Kansas	142.9	250.0	107.0	75%	43%	43%	30%
Kentucky	439.8	642.7	202.8	46%	32%	19%	16%
Louisiana	628.3	852.5	224.1	36%	26%	11%	10%
Maine	118.1	202.4	84.3	71%	42%	40%	28%
Maryland	337.9	862.3	524.4	155%	61%	108%	52%
Massachusetts	497.3	812.0	314.6	63%	39%	33%	25%
Michigan	1,353.5	1,693.9	340.4	25%	20%	2%	2%
Minnesota	339.7	582.0	242.3	71%	42%	40%	28%
Mississippi	387.8	519.4	131.6	34%	25%	9%	8%
Missouri	404.8	719.7	314.9	78%	44%	45%	31%
Montana	71.9	102.1	30.3	42%	30%	16%	14%
Nebraska	102.2	165.4	63.3	62%	38%	32%	24%
Nevada	40.0	129.1	89.1	223%	69%	163%	62%
New Hampshire	23.2	88.5	65.3	282%	74%	211%	68%
New Jersey	559.1	957.7	398.7	71%	42%	40%	28%
New Mexico	150.9	351.8	200.9	133%	57%	90%	47%
New York	2,286.4	3,765.3	1,479.0	65%	39%	34%	26%
North Carolina	395.9	844.1	448.2	113%	53%	74%	42%
North Dakota	40.1	66.6	26.5	66%	40%	35%	26%
Ohio	1,353.9	1,936.4	582.5	43%	30%	17%	14%
Oklahoma	269.4	489.0	219.6	82%	45%	48%	32%
Oregon	260.7	424.8	164.2	63%	39%	33%	25%
Pennsylvania	1,111.2	1,679.0	567.8	51%	34%	23%	19%
Rhode Island	88.4	158.3	69.9	79%	44%	46%	32%
South Carolina	263.2	431.6	168.4	64%	39%	34%	25%
South Dakota	51.7	68.6	16.9	33%	25%	8%	8%
Tennessee	412.1	851.4	439.3	107%	52%	68%	41%
Texas	1,284.1	2,871.2	1,587.1	124%	55%	82%	45%
Utah	115.6	185.6	70.0	61%	38%	31%	24%
Vermont	55.0	91.4	36.4	66%	40%	35%	26%
Virginia	337.2	639.5	302.3	90%	47%	55%	35%
Washington	448.1	891.5	443.4	99%	50%	62%	38%
West Virginia	266.3	379.2	112.9	42%	30%	16%	14%
Wisconsin	559.7	585.7	26.0	5%	4%	-15%	-17%
Wyoming	31.3	56.0	24.6	79%	44%	46%	31%

ENTITLEMENT SPENDING IS NOT "OUT OF CONTROL"

As efforts to decrease the budget deficit move forward, we must remember that welfare spending is not the cause of the deficit problem. The AFDC program is extremely important to poor children but welfare spending is not \$300 billion per year -- contrary to the statements of some who advocate radical budget cuts. This exaggerated figure includes many programs the public clearly understands as not being welfare such as student loans, nursing home care for the elderly (Medicaid),¹ and the Earned Income Credit (which will provide tax benefits to working families with children whose incomes fell below \$28,600 in tax year 1996).

Additionally, entitlement spending on welfare families is a small fraction of all entitlement spending and only a part of means-tested entitlement spending. The AFDC program, including cash benefits, emergency assistance, child support enforcement, Title IV-A child care, and "At-Risk" child care, constitutes only two percent of entitlement spending and one percent of total federal spending. When food stamp and Medicaid benefits for AFDC families are added in the total rises to only three percent of overall federal spending.

- According to the Congressional Budget Office, in 1994 the federal government spent \$177 billion on means-tested entitlement programs. Spending on AFDC families totaled about 25 percent of this amount and about six percent of all entitlement spending.²
- Almost half (46 percent) of total means-tested entitlements are spent on the elderly and disabled.

Moreover, overall entitlement spending is not growing. According to the Bipartisan Commission on Entitlements, means-tested entitlements other than Medicaid will not rise at all as a percentage of the total national economy (Gross Domestic Product or GDP) after the year 2000. The latest CBO forecasts suggest they will decline a bit as a percentage of GDP. The Entitlement Commission estimates, however, that between now and 2030 that Medicare and Medicaid will climb as a percentage of GDP.³ The only entitlements that are increasing substantially are Medicare and Medicaid which suggests the necessity of health care reform.

¹Actually 69 percent of Medicaid funding goes to the elderly, blind, or disabled. Only 18 percent of Medicaid funding goes to families receiving AFDC.

²These figures includes federal spending on AFDC benefits, emergency assistance, child support enforcement, Title IV-A and "At-Risk" child care, food stamp benefits for AFDC families, and Medicaid spending on AFDC families.

³Medicare will rise from 2.4 percent of GDP to 7.9 percent, and Medicaid will increase from 1.3 percent to 3.1 percent of GDP.

WELFARE REFORM: WHAT THE PUBLIC WANTS

There is no question but that Americans want welfare reform. 45 percent favor completely replacing the current system, and 52 percent want welfare to be fixed, rather than replaced (USA Today/CNN/Gallup poll, December 2-6, 1994).

But while the public wants welfare to be changed, they do not want to leave poor children and families without any assistance. 65 percent of Americans agreed that it is government's responsibility to take care of people who can't take care of themselves (New York Times/CBS News Poll, December 6-9, 1994). Even after a political campaign season characterized by unabated attacks on welfare, 56 percent opposed ending payments to unmarried mothers, and 60 percent opposed ending payments to the children of unmarried mothers (USA Today/CNN/Gallup). In fact, fewer people wanted to reduce tax dollars going to welfare.

The public takes a commonsense approach to welfare reform. They want adult recipients to work, but they understand that tools such as education and child care are necessary for that to happen, and don't want to leave families stranded if they cannot find employment. 87 percent agreed that the government should create work programs for people on welfare and require participation (New York Times/CBS News Poll). But they do not believe that families should be cut off from all assistance after a limited time period if they are willing to continue to work. 71 percent want them to continue receiving benefits (New York Times/CBS News Poll). 73 percent would be upset if new limits on welfare cut off benefits to poor families even when no work is available (Newsweek Poll, December 27-28, 1994). They strongly support government's responsibility to eliminate poverty: 80 percent share that belief now (Center for Study of Policy Attitudes, October, 1994), compared to 70 percent in a 1964 Gallup poll. They understand that we cannot eliminate poverty without spending money. 70 percent would increase federal spending on poor children, and another 20 percent would keep spending the same as now (Center for Study of Policy Attitudes). When asked, "Should welfare reform start saving taxpayers money immediately, or is it more important to train welfare recipients for jobs, which means the government would spend more money in the short run?" 69 percent were willing to spend more, and only 24 percent were looking for immediate savings (Time/CNN, December 7-8, 1994). An overwhelming 92 percent support job training for welfare recipients, and 88 percent favor child care for parents looking for work. Including the word "welfare" in polling questions always produces a more negative result, but even when asked if tax dollars should be increased or decreased for welfare, 48 percent would spend either the same or more than current levels, while 36 percent would reduce taxes going to welfare. Only 10 percent would end tax funds for welfare altogether (USA Today/CNN/Gallup).

Americans express deeply held values in their opinions about welfare and poverty. They do not want to break up families. 72 percent wanted to keep unmarried mothers under age 21 and their children together, and only 20 percent favored placing the children in an orphanage or in foster care (New York Times/CBS News Poll). 78 percent would be upset if many poor mothers have to give up their welfare benefits and send their children to orphanages or foster homes (Newsweek Poll). They also want people to take personal responsibility for bettering themselves. 44 percent feel that lack of effort is more to blame for people's poverty, while 34 percent blame circumstance (New York Times/CBS Poll). Negative feelings about adults on welfare are fairly prominent, and while a majority (56 percent) oppose ending payments to unmarried mothers, when asked if children should have separate benefits, 78 percent say yes (USA Today/CNN/Gallup). And as noted above, Americans value work. 83 percent "would be willing to spend more in taxes on programs to reduce poverty provided that the focus is on job training and moving people into productive work" (Center for the Study of Policy Attitudes).

The public does respond to issues of fairness. When asked, "Is it fair to cut off government payments to people who have been on welfare for two years, even if they have no other source of income?" 52 percent said it was unfair, while only 38 percent said it was fair (Time/CNN Poll).

Chairman SHAW. Thank you, Mr. Johnson.

Our next speaker is David Liederman, who is executive director of the Child Welfare League of America.

Mr. Liederman.

**STATEMENT OF DAVID S. LIEDERMAN, EXECUTIVE DIRECTOR,
CHILD WELFARE LEAGUE OF AMERICA**

Mr. LIEDERMAN. Thank you, Mr. Chairman.

I am David Liederman. The Child Welfare League is an association of 800 child welfare agencies, public and nonprofit, that serve nearly 2.5 million children, abused and neglected children in the United States. We appreciate the opportunity to testify.

We are very concerned that we enact real welfare reform in the United States of America. I think everybody in this country wants to do something about the welfare system. And we believe that real welfare reform means that we lift children out of poverty, that we reduce dependency, and that we make sure that welfare moms are permanently off of public assistance, that they get off the rolls permanently.

I would suggest that many of the proposals that are on the table and that many of the proposals that are being suggested by Governors around this country would not accomplish those goals, would absolutely not accomplish those goals. We are very concerned about eliminating the entitlement, and we are very concerned about shifting to block grants.

Sixty years ago, Mr. Chairman, this country made a sacred trust with our poor kids when we enacted the Social Security Act. We said that, regardless of the color of your skin, regardless of what language you spoke, regardless of what you look like, if you qualified by income for public assistance, you are eligible and you are entitled to receive it. To break that sacred trust now for our poorest children would be an absolute disaster.

I do not think this is any time to be taking the word of one Governor in the United States, Governor Tommy Thompson of Wisconsin, when he assures us that the Governors of this country are going to take care of the poorest kids in this country. With all due respect to Mr. Thompson, I would frankly rather have the contract that was established in 1935.

It is interesting that, this morning on "CBS News," we heard a report from Wisconsin and we heard Mr. Thompson, and Governor Thompson talked about the fact that in Wisconsin they have reduced their welfare dollars by 25 percent since 1987. They have reduced their welfare expenditures 25 percent since 1987, and he was very proud of that.

The other day I said to one of my staffpeople, I said would you please call the Census Bureau and find out what the poverty rates are in Wisconsin, what has happened to the poverty rate in Wisconsin. If you look at the poverty rate and if you care to ask the Census Bureau what the poverty rates are in Wisconsin, you will find that, from 1989 to 1993, during his watch, the child poverty rate has increased by 60 percent. The child poverty rate has gone from 10 percent, roughly 10 percent, to 16 percent in Wisconsin.

So what is the goal of welfare reform? If the goal is to reduce dollars, to cut welfare benefits, then the road that is being suggested

and the road that you are going to go down with the Personal Responsibility Act will absolutely accomplish that. If your goal is to reduce dollars, push people off public assistance to save money, then you are going down exactly the right road.

If what you want to accomplish is to lift children out of poverty, reduce dependency and make sure that young moms are permanently off of public assistance, then I would suggest that you are going down the wrong road. If you look at the history of the block grants that were established in the early eighties, what you would find—and I am sure that this Committee is concerned about accountability—what you would find, if you care to ask the questions, is that you cannot determine from many of the block grants that were established how many kids were helped, how many families were helped, and what happened to the money. You cannot find out the answers to those questions, and I think those are critical answers.

If a block grant is an excuse for social engineering experiments that Governors want to enact around this country to throw kids off welfare and throw families off welfare, then we are going down the wrong road. At least, Mr. Chairman, if we are going to allow Governors to play with kids' lives, to use kids as human guinea pigs in this country, if that is what we are about, then at least mandate that there be an impact study, at least have some impact studies, establish some outcome measures, try it in one State, try an experiment in one State and measure it and see whether or not it works. That is the least that we can expect, Mr. Chairman, if we are going to fool around with 10 million children in the United States.

One final point that I want to make is that whatever you do, Mr. Chairman, please do not fool around with the child welfare system. The child welfare system currently serves 1.2 million abused and neglected kids. It is the only safety net for abused and neglected kids. This is not the time to be messing around with the IV-E entitlements, to be fooling around with child welfare services that serve abused and neglected kids in this country. And we beg you and plead with this Committee not to fool around with the basic entitlements that abused and neglected children are entitled to in the United States.

Thank you, Mr. Chairman.

[The prepared statement follows:]

**TESTIMONY OF DAVID S. LIEDERMAN
CHILD WELFARE LEAGUE OF AMERICA**

Chairman Shaw and Members of the Subcommittee, I am David Liederman, Executive Director of the Child Welfare League of America (CWLA), a membership organization representing nearly 800 public and voluntary child serving agencies that assist over 2.5 million children and their families nationwide. Our member agencies in each state serve troubled and vulnerable children, many of whom not only have experienced the hardship of poverty but also have been served by the Aid to Families with Dependent Children (AFDC) program. Approximately 50 percent of children in substitute care are AFDC eligible children.

REAL WELFARE REFORM NEEDS FOCUS ON CHILDREN

I appreciate this opportunity to discuss real welfare reform. The national debate has become very complex, but my message today is simple. Real welfare reform means taking seriously the welfare of children. It means remembering, when you mark up and vote on a welfare reform bill, this watchword -- "do no harm to children."

We, as a nation, have an obligation to keep all children from harm. You, as elected national lawmakers, should hold this duty foremost. We talk a lot in this country about the value of strong families; but we often do precious little to preserve and strengthen families. When a child reaches adulthood without the education, skills, or job opportunities to succeed, we all have failed. When a child never makes it to adulthood, we have suffered the ultimate failure.

Our nation originated the Aid to Families with Dependent Children (AFDC) program as part of the Social Security Act of 1935. Congress' primary goal was to insure that children's basic needs are always met, and to prevent children from falling into sustained poverty and long-term dependence. Prior to that year, mothers who were unable to care for their children were often forced to rely upon poorhouses or orphanages. The program's enactment reflected the belief that the best place for children to be raised is at home with their families. As the 104th Congress considers whether to tear down our national safety net or to look for better solutions, please keep that original goal in mind.

We all want change. We all condemn the welfare system for not helping enough families obtain employable skills, find work, and climb out of poverty for good. But, it does still provide a floor of support that helps to keep many children alive and to give them a chance to succeed.

Ask your constituents. Polls indicate that they hate the welfare system. Most want parents in AFDC families to work. But they don't want children to go homeless. They don't want children to starve. They don't want children to lose needed benefits or to be sent away from their families. According to a December 1994 poll by the Citizens for a Sound Economy Foundation, 57 percent of middle-class voters surveyed don't want benefits cut to children of teen mothers. More than three-quarters (77 percent) oppose moving children from welfare families to group homes or orphanages. According to a 1993 poll by Peter D. Hart Research Associates, 80 percent of respondents said welfare provides a crucial safety net for poor children, who are not responsible for their poverty. In the same poll, 77 percent indicated they would favor a welfare reform plan that costs a lot more money than the current welfare system, due to child care, job training, and other programs that help more people to leave welfare.

We stand at a crossroads with these policies that affect so many of our children. Already, Wisconsin has set an unwelcome precedent by becoming the first state to be granted a waiver to institute complete termination of assistance to families who have broken no program rule. This committee is considering legislation that would apply similarly harmful policies to millions of children nationwide.

Unfortunately, too many of the proposals under consideration would shred the safety net more, rather than constructively reform and repair it. I urge you to reject those proposals. Almost ten million of the very poorest children in this nation receive AFDC benefits. A

mother and two children on AFDC depend upon an average of only \$366 a month for their basic needs. And it is a pittance. If you don't believe me, I challenge you to live for a month on an AFDC benefit. We tried it as legislators in Massachusetts, and it was impossible.

We must preserve the safety net for children. Already, too many children fall through it. Nearly one out of every four children is poor. In five years, the number of children under six living in poverty experienced a staggering increase, from five million in 1987 to six million in 1992.

The welfare system is in disarray. We must fix the welfare system so that children escape poverty, so that they do not become mired in a multi-generational cycle of poverty. We must preserve the promise of support, the AFDC entitlement, to ensure that all children have access to basic support for food, clothing, and shelter.

Yes, we need more personal responsibility, but that call is not limited to families on AFDC, nor is just a call sufficient.

Don't let attackers of poor children get away with telling you that the problem is simply a lack of personal responsibility. Most parents on welfare want to work but, without training and job opportunities, they often cannot find work. Despite their parenting responsibilities, 83 percent of welfare recipients indicated that they would leave welfare immediately for a minimum wage job if it provided health care for their family.

Most families on welfare don't stay on it continually for years and years. Over 50 percent of welfare recipients leave welfare on their own within one year; 70 percent leave within two years.

The most common problem for poor families is an economic crisis. Working families are forced to begin or return to welfare due to a lack of stable employment, adequate or affordable health insurance or child care. Only 8 percent of post-welfare employment is accompanied by health care benefits. A GAO study in 1987 found that 60 percent of respondents in work programs in 38 states reported that lack of child care was a barrier to their participation in the labor force.

MASSIVE BLOCK GRANTS WOULD FAIL TO PROTECT THE MOST VULNERABLE

I have commented on previous occasions about H.R. 4, the Personal Responsibility Act, and would like to direct my comments today to the block grant proposals, which are under serious consideration.

While careful consolidation of a number of categorical programs makes sense and is overdue, block granting virtually all activities for its own sake, accompanied by spending cuts, would cause severe problems for children. Eliminating the entitlement guarantee, along with massive consolidation and spending reductions could, in the short- and long-term, severely undermine state and local community efforts to protect and serve children. They would then be placed at even greater risks that could lead to homelessness, neglect, or other family crises that would require child welfare intervention.

I urge the subcommittee to maintain that federal guarantee to protect children; to support efforts to establish paternity but not to penalize children by denying benefits in cases where paternity has not been established despite the mother's cooperation; to support efforts to reduce teenage pregnancy and promote marriage but not to deny benefits to children born out of wedlock to young mothers; and not to deny benefits to children due to their legal immigrant status.

The danger in permitting states to carry out misguided welfare policy is demonstrated by the recent experience of several states which cut general assistance funds for many thousands of

people. A report released last year by the Center on Social Welfare Policy and Law found that hundreds of thousands of men and women suffered without jobs or income support after states targeted single "employable" people for welfare cuts. The report looked at welfare cuts in Michigan, Ohio, and Illinois, and found that state definitions of "employability" were totally unrealistic, most former recipients did not find jobs, and crises were immediate and severe for large numbers of individuals left homeless, hungry, and sick following the cuts. Within one year after Michigan made its cuts, 25 percent of the former recipients became homeless, according to a University of Michigan study.

These findings indicate that too often, the states' answer to welfare recipients is to let them live in the streets, begging, homeless, cold, and hungry. A welfare block grant to decentralize welfare to the states without federal minimum standards would increase competition among neighboring states to enact more punitive policies in hopes of providing a disincentive for interstate migration. A block grant accompanied by severe cuts in AFDC and other benefits and services could send millions of children into the streets, or to orphanages.

CWLA has estimated the basic cost of caring for one child in a residential group care facility at \$36,500 per year, ten times the cost of AFDC and Food Stamp combined benefits (\$2,644 per year) for that child. Providing basic residential group care for three million of the nearly ten million children on AFDC would cost about \$109.5 billion a year. Costs vary for residential group care and family foster care, but the estimates I have provided are toward the low end of the cost spectrum.

The block grant proposals would strip away assurances of protection and help for children in need and drive them into an already besieged child welfare system. Even now, the child welfare system cannot keep up with increases in the number of abused and neglected children. In 1993, 2.989 million children in the U.S. were reported abused or neglected, up from 1.154 million children in 1980. Welfare reform proposals to end AFDC assistance to millions of children would overwhelm the child welfare system, undermine its ability to protect abused and neglected children, and leave many children in jeopardy.

Charitable organizations cannot pick up the slack. They already subsidize about 30 percent of the cost of residential group care with charitable dollars. CWLA's member agencies report that their resources are stretched to the limit.

BLOCK GRANTS IGNORE GREAT UNEVENNESS AMONG THE STATES

States have widely varying capacities and experiences in meeting the needs of their most vulnerable young citizens. Vastly different resources and expertise are the rule. These wide variations have tremendous implications for children.

We believe that despite the best efforts of local communities and state governments, the work of the nation's public and private child welfare agencies will remain insufficient to the task unless the federal government provides more leadership, promotes greater accountability and commits more, not fewer, resources to the care and protection of children. We believe a national strategy is necessary and must be tied together by a federal government working in close cooperation with states and local communities in the public and private sectors.

BLOCK GRANTS DO NOT MAKE REAL WELFARE REFORM

Giving states more flexibility by itself will not achieve real welfare reform. Real welfare reform that can improve the lives of very poor children and their families means addressing individual and structural issues, demanding personal responsibility, providing the services for getting and keeping employment that enables families to be self-sufficient, and investing in economic development that will generate stable jobs that can support families. It means, among other things over the long-term, addressing child poverty in America. Congress, by greatly expanding the Earned Income Credit (EIC), already has gone a long way to ensure that no working family will live in poverty. We can do a great deal more for children and

families through welfare reform, but only if we utilize adequate resources and address the root causes of poverty.

Welfare reform must also value and encourage excellent parenting, the most vital means to help children grow up healthy. Some AFDC heads of household are not able to work or should not be expected to do so. Young mothers, for example, must not simply be tossed into the working world -- parenting itself is too important and parenting is indeed hard work. Instead, they should be encouraged to care for their children and pursue an education that prepares them for lifelong work, and they should be provided with appropriate job exposure and training.

Jobs

A key element to successful welfare reform will be employment. Good wage jobs need to be available for people to work but are in short supply. We must encourage and assist AFDC parents to become self-sufficient and to act responsibly, find and keep work outside of the home, pursue education, maintain adequate and stable earned income, and contribute to the care of their children.

All participants should be required to engage in activities to receive the necessary skills to obtain a decent paying, stable job. AFDC requirements that discourage work and marriage should be changed. AFDC asset limits should be raised so that recipients can save for their children's education or start a business without having to sell virtually everything they own. However, we destine our policies and families to failure if we expect that every AFDC family can move at the same speed to find employment.

AFDC recipients who are ready and able to work but cannot find a job in the private sector should be provided with quality full-time public sector work at family-supporting wages. Improved employment opportunities in the children's services sector, for example through full funding of Head Start and expansion of child care programs, could address the dual need of expanding children's services while providing public sector jobs for adults. A higher minimum wage would promote work incentives and draw more low-income families out of poverty. Extreme care must also be taken to avoid creating workfare programs that displace existing workers and institute a new substandard minimum wage for AFDC recipients or substandard working conditions that would have a harmful impact on the labor market and promote divisiveness in the work force.

Transitional and other supports

Welfare reform must provide strong transitional support services for AFDC families to work. These service components should include high quality education resources, job training, and child care.

Children whose families receive AFDC are among those most at risk of developmental delays and diminished educational achievement. There is widespread agreement that, in order for them to thrive and succeed in school, they need the benefits of comprehensive, high quality early childhood programs. Welfare reform will place an increased demand for child care on a system that even now cannot ensure adequate and affordable quality care. Adequate resources and an improved infrastructure must be in place in order to ensure that all children have access to quality child care. Welfare reform child care policy must include consistent standards to ensure the healthy and safe development of children regardless of the funding source for their child care assistance. In addition, parents who leave AFDC for work should receive child care assistance beyond the current twelve months, so that they are not forced to lose their job for lack of child care. It is equally important that we not further pit necessary child care for families struggling to get and stay off public assistance against the necessary child care for working low-income families struggling to stay afloat and get ahead.

In addition to specific transitional support services, a meaningful anti-poverty strategy must include improved unemployment insurance protection, a refundable children's tax credit,

universal access to health care, improved paternity establishment and child support enforcement, improved access to federal nutrition programs, as well as other reforms and initiatives outside of the AFDC system.

Child support enforcement and assurance

Paternity establishment and child support enforcement and assurance are fundamental elements of welfare reform. Child support is a crucial factor to keep children and their custodial parents out of poverty, sends a message that both parents are responsible for their children, and can make a substantial difference in the financial security of all single-parent families. According to the National Women's Law Center, our nation's system of paternity establishment has overwhelmingly failed. Of child support cases in 1989, paternity was established in only 31 percent of non-marital births, and \$5.1 billion of court-ordered child support was not paid to custodial parents with child support orders.

Both parents have a responsibility to support their children. Fathers should be required to contribute financially to their children's well-being, and should be strongly encouraged to be active parents and family members. Struggling families should receive case manager support in reformed AFDC offices that focus on providing family services. All AFDC recipients should be encouraged to complete high school and pursue higher education.

NEW NATIONAL EFFORT ON TEEN PREGNANCY PREVENTION IS NEEDED

Our nation must respond to the epidemic of teen births by instituting a national campaign to prevent teen pregnancy. Research indicates that more than half of teens age 17 and younger are virgins. Efforts should be made by families, communities, schools, churches, and the media to support teens to abstain from sexual intercourse. Young people in the critical years of 9 to 14 should be especially targeted.

Schools should strengthen the curriculum in decision-making skills, family life education, social responsibility, and basic education and employability skills. Comprehensive family planning services should be available to counsel teens regarding sexual abstinence and appropriate medical services for sexually active teens.

A thorough network of health, education, and support care services, including medical and psychological services, should be available to all pregnant and parenting adolescents. Pregnant women, at the very least, should receive prenatal care and education about the risks of using drugs, alcohol, and tobacco during pregnancy. Drug treatment programs should be available for all drug-abusing pregnant women and parents of infants.

Improved paternity establishment and strict enforcement of child support in cases involving teen pregnancy will send an important message to young men that fatherhood is accompanied by parental responsibilities.

Responsible adult supervision and guidance important for young parents

As we institute a national campaign to prevent teen pregnancy, we must not abandon teen parents and their children. We should continue to provide children of teen parents with safety net assistance, and encourage teen parents to get the skills they need to support themselves and their children.

CWLA supports a residency requirement for teen mothers in safe and appropriate supervised living arrangements at home or in other settings that give young parents the support and guidance they need to gain parenting and other vital life skills. Almost three-quarters of pregnant teenagers under age 18 live with one or both of their parents. Even six months after giving birth, about 60 percent of young mothers aged 15-17 are still living at home. CWLA believes that pregnant and parenting teens should remain at home for the emotional and financial support that parents can provide. For those pregnant and parenting teens who

cannot remain at home because of abuse or neglect, arrangements must be made for them to live with other family members or in supervised group homes.

A CWLA survey of Florence Crittenton Agencies, conducted last year, suggests that forcing teen parents and their children to return to a parent's home without proper safeguards could place many children at severe risk of physical or sexual abuse. The survey found that:

- about 62% were estimated to have been abused or neglected by a caregiver;
- almost 64% were estimated to have had at least one unwanted sexual experience;
- about 50% of those living independently would, in the opinion of those agencies which serve such young women, be placed at risk of physical or sexual abuse if returned to their families.

The high prevalence of abuse by caregivers indicates that most of the adolescent mothers served by these agencies come from unsafe homes. These figures most likely underestimate the proportion of these mothers who have been abused or neglected by a caregiver because some agencies answered this question only in terms of substantiated abuse cases.

It is widely believed that abuse very often goes unreported or unsubstantiated. The Crittenton Agencies' staffs know these young women quite well; their report that 50% would be at risk of abuse if returned to their homes suggests that for the federal government to impose such a requirement without critical safeguards in order to receive welfare would be detrimental to thousands. It would force many adolescents to choose between seeing their children go hungry or homeless and putting both themselves and their children in danger.

Qualified "teen parent case managers" should be assigned to make careful decisions regarding whether the teen and her child should be sent back to a parent's home. These case managers would also help each minor parent draw up an individual plan to attain independence, assist her in achieving her plan by linking her with needed education, health, family planning, substance abuse treatment, and other social services. Recognizing that the teen parent case manager would play a critical role in assuring the rights and safety of teen parents and their children, caseloads of no more than 20 clients to each teen parent case manager should be maintained.

If a teen parent residency requirement program is implemented, we must ensure that young parents do not return to abusive or otherwise unsafe households, that exceptions are made when such a requirement makes no sense for a particular family, and that teen parents' special needs for intensive case management are addressed.

Education, child care and health assistance critical supports for teen parents

Teen parents receiving AFDC should be required to complete their education. Research has shown that just over half of all teenage mothers complete their high school education during young adulthood. Many of those who do not complete high school have low basic academic skills, and have low earning potential. Five years after giving birth, 43 percent of teenage mothers are living in poverty, according to a 1990 report by the Congressional Budget Office. Special efforts must be made to assist pregnant and parenting teens to remain in school and to further their education, thus enhancing their chances for self-sufficiency and to avoid repeat pregnancies.

State departments of education and human resources should assist in making child care services available to help teen parents stay in school. Day care options should be readily available at or near the school site so teens can complete school. Teen parents should be expected to work in the centers as part of their parental obligation -- an excellent opportunity to learn effective parenting skills. Voluntary, early home visiting by public health and community resource persons should be expanded to reach and assist young parents.

CHILD WELFARE SAFETY NET -- THE PROTECTION OF LAST RESORT -- MUST REMAIN INTACT

Block grant proposals that strip away assurances of help for children in need would drive more children into an already besieged child welfare system. Even now, the child welfare system cannot keep up with increases in the number of abused and neglected children. Welfare reform proposals that would end AFDC assistance to millions of children would overwhelm the child welfare system, undermine its ability to protect abused and neglected children, and leave many children in jeopardy.

As you consider welfare reform and seek to address potential negative impacts on the children, I urge you to maintain the child welfare safety net -- all the Title IV-E guarantees and the capped entitlement for family preservation and support -- to help children receive the services they need to keep them safe. It is the safety net of last resort.

Many of these children are in state custody where the state is functioning as their legal parent, and as such, has an obligation to respond when a child's safety is threatened. The federal government has an important role in enabling the states to do their jobs by providing guidelines for protection and enforcing the protections when they are ignored.

The children needing protection and care have greater and more complex needs than ever. They require sound assessments and timely and appropriate services.

The Title IV-E entitlements, under P.L. 96-272, provide the individual guarantee of support for maintenance, for "administrative costs" that principally pay for essential preplacement and permanency determination activities (e.g., child and family assessments, referral to services, recruitment of foster and adoptive families), and for training that staff who work with the children and families require. It also provides for adoption assistance that has proven very successful in removing the financial barriers to adoption for children with special needs.

The Family Preservation and Family Support Services Program, recently enacted under P.L. 103-66, provides important incentives and resources to the states to develop and expand services to prevent unnecessary placement and to reunite children with their families. Progress has been made in introducing appropriate family-focused, child-centered services and many children have been able to remain home safely or safely return to their homes. This support and direction are essential for children and their families that are clearly in crisis, but are not quite at the brink of destruction. Without this support, we will end up with a system that can only respond at the "back end," to more extensive, expensive and intractable problems.

A child welfare block grant, currently under consideration by this subcommittee, would only further compromise children's safety should it eliminate the services' guarantees, fail to specify protections and lack enforcement.

A RESPONSIBLE FEDERAL ROLE IN WELFARE REFORM

The federal government has an important responsibility in its partnership with the states in assisting their families to take care of their children. The current welfare system is broken and the federal government needs to work with the states to change it. That means more than simply writing a check and walking away.

We must build a stronger future for children in America. Congress should take the following 10 steps toward real welfare reform:

1. Preserve the federal commitment to protect children from discrimination and serious harm by maintaining the AFDC entitlement. Ensure that children in all states have access to a basic "safety net" of support;

2. Improve federal oversight, cut unnecessary bureaucracy, and streamline where appropriate;
3. Concentrate our efforts and resources on the majority of parents who leave AFDC on their own. This is the most motivated group and we should ensure that they stay off welfare permanently by maintaining health care coverage, providing income disregards and guaranteeing quality child care.
4. Work with the private sector and states to support the creation of jobs that pay a living wage so that AFDC parents can find work, stay employed, and support their families; and ensure that all AFDC parents have access to quality job search assistance, education, internships, training, and transportation. Require states to increase participation in work programs so that at least half of each state's work program participants are employed in either private or public sector work;
5. Support efforts to increase access to high-quality day care. Lower the state match requirement, substantially increase federal funding for child care assistance, set minimum payment levels based on full market rates, and eliminate the income disregard method and statewide limit;
6. Institute a national teen pregnancy prevention campaign through education, health services, family and community efforts and the media. Support efforts to help teens to delay parenting and to stay in school;
7. Support aggressive case management and services to teen parents, including home visiting; encourage involvement of teen fathers in parenting responsibilities;
8. Reform health care so that illness does not drive families onto the welfare rolls;
9. Support responsible paternity establishment and child support enforcement and assurance; and
10. Develop a broader anti-poverty strategy, so that working families do not fall into poverty.

Chairman SHAW. Thank you, Mr. Liederman.

The next witness is Peter Ferrara, who is a senior fellow at the National Center for Policy Analysis.

Mr. Ferrara.

**STATEMENT OF PETER J. FERRARA, SENIOR FELLOW,
NATIONAL CENTER FOR POLICY ANALYSIS**

Mr. FERRARA. Thank you, Mr. Chairman.

We are here to discuss sweeping welfare reform, because the current system is a disastrous failure. Current spending is at record levels, by any measure. We spend at least \$350 billion on means-tested welfare programs at the Federal, State and local levels of this country. The chart here shows welfare spending up to 1992 when it was over \$300 billion. If you update it to today, we spend at least \$350 billion on these programs at the Federal, State and local level, if you take all the welfare programs together.

Yet, the poverty rate today at 15.1 percent is higher than the rate in 1966 when the war on poverty began, when it was 14.7 percent.

The current system is not just a failure. It is counterproductive. It is directly contributing to the problem and actually causing poverty. It does that, because it directly promotes counterproductive behavior, such as nonwork, nonmarriage, illegitimacy and family breakup. The current system does this by providing substantial rewards for such counterproductive behavior. For example, if you do not work, you are entitled to an array of benefits in over 300 programs by our count. However, if you try to go to work and earn your own income, the programs penalize work by taking away those benefits.

Similarly, if you bear a child out of wedlock, you are entitled to an array of benefits under all these programs, so you are rewarded for that behavior. But if you marry someone who works, then you are penalized for that behavior, because they take away those benefits. So they are subsidizing the behavior that leads to poverty and they are penalizing the behavior that leads people out of poverty.

As a result, we can see—and in my testimony I discuss it in more detail—that since these programs began, work among the lowest income groups in the population has collapsed and family breakup and illegitimacy has soared.

Therefore, what is the solution to this problem? Well, we have a two-pronged approach. First, we support broad open-ended block grants to the States. In fact, we think Congress should eliminate even the restrictions that you see in the current welfare reform bills. We should give the money to the Governors. The system needs to be completely redesigned from the bottom up. We do not have the answers in Washington. Uniform rules for the entire Nation will not work. It is a very diverse country and the problems are very diverse. We need local variation. We need local experimentation.

So I support what the Governors are saying on this, that we should remove the restrictions even in the current proposals and turn it back to the States and let them design it from the start. Another reason to do this, frankly, is to get the welfare system away from the liberal interest groups that predominate in Wash-

ington. They and their allies in the Federal bureaucracy will ultimately pervert any requirement that you put into the system.

Inherent in the whole notion of block grants is that you eliminate the notion of entitlement. Entitlements are what is destroying the current system and destroying the Federal budget and destroying inner-city communities, because it is the entitlement nature of the system that leads to these uniform rules that end up encouraging the wrong behavior and discouraging the good behavior.

If you return it to the Governors, they could try a wide variety of solutions. Some of the restrictions that are in current proposals might work, might be good ideas, and might be adopted. If I was a Governor, the proposal that I would favor is to offer people work, instead of welfare, and I would have a place where they could go to work without question. If they needed funds, they would be paid cash in return for the work. This eliminates all the disincentives to work. There is no reason now not to go to work in the private sector, because the only way you can get funds is by work. It eliminates all the incentives for illegitimacy, because you no longer pay rewards for that.

In addition, the other proposal we have is that taxpayers be allowed a tax credit for contributions to private charities, and then to the extent that they exercise that tax credit, the block grant funds to their State would be reduced commensurately, so that the ultimate control over the system would be put in the hands of the taxpayers. They would then have the ability to reallocate funds from the block grant, to the extent that they think the State welfare programs were not doing a good job.

The taxpayers would take a credit for contributions that they made directly to charities and this would be added up at the end of the year, and to the extent they took that credit, the block grants would be reduced by an equal amount. This creates a competition between the government welfare programs and the private charities, and this will improve both the government programs and, in addition, allow the taxpayers, if they see in their State that there are private charities doing a better job, reallocate those funds to those who are doing the best job.

We produced a study on this recently, and we show how the private charities in fact are much more effective in helping people get off welfare precisely because they are not entitlements, because they have the ability to use discretion and subjective judgment, and we submit that this two-pronged approach would be a far better system than the current system.

Thank you, Mr. Chairman.

[The prepared statement and attachment follow:]

**Testimony Before Committee on Ways and Means
U.S. House of Representatives
Subcommittee on Human Resources
Addressing the Welfare Reform Sections of the Contract With America,
Peter J. Ferrara, Senior Fellow, National Center for Policy Analysis
January 30, 1995**

Welfare Reform That Really Works

Among the vast array of possibilities for sweeping reform by the new Congress, the most far-reaching and historic is welfare reform. Public opinion polls show most people recognize that the current system has utterly failed and are thoroughly disgusted with it. They would overwhelmingly support radical reform including spending reductions. The new Congress also is receptive to radical reform. Indeed, many members campaigned vigorously on the issue.

The Case for Change. The failure of the current system is palpable.

- Federal, state and local governments spend about \$350 billion per year on 79 means-tested programs aimed at assisting the poor [see the figure]; this is about 20 percent more than we spend on national defense.
- Yet today's poverty rate of 15.1 percent is higher than the 14.7 percent rate in 1966 when the War on Poverty began.

Even worse, the welfare system has caused the work ethic of the lowest-income groups to collapse and family breakup and illegitimacy to soar.

- In 1960, nearly two-thirds of households in the lowest one-fifth of the income distribution were headed by persons who worked.
- By 1991, this had declined to around one-third, with only 11 percent of the heads of household working full-time, year-round.

Moreover, out-of-wedlock birth rates have soared.

- The rate for blacks has risen from 28 percent in 1965 to 68 percent in 1991.
- The rate for whites was 4 percent in 1965, and among white high school dropouts is now 48 percent.
- In 10 major U.S. cities in 1991, more than half of all births were to single women.

The collapse of work and family has bred urban decay, crime, drug addiction and numerous other social afflictions. This social tragedy is the direct result of our current welfare system. It rewards people for not working by giving them numerous benefits and penalizes those who return to work by taking away the benefits. The system rewards illegitimacy and family breakup by paying women generous rewards for having children while they are single and penalizes marriage by taking away the benefits from women who marry working men.

Proposals for Reform

Simply stated, the current welfare system is a disaster for the poor, the taxpayers, the economy and the nation.

Reform of the system should be based on two key components. First, all major federal welfare programs should be abolished and the money currently spent on these programs should be given to the states in the form of "block grants." Second, taxpayers should be allowed to shift that funding from state programs to private charities.

Block Grants. Federal funding for as many current federal welfare programs as possible should be sent to the states with only one proviso: that the funds be used to help the poor. Each state would then be able to use the funds, along with current state welfare funds, to design its own welfare programs. These grants would replace AFDC, food

stamps and public housing, among other so-called entitlement programs. Medicaid funds could be segregated in a separate grant with the requirement that they be spent on health care for the poor.

This would free each state to experiment with entirely new approaches to welfare. States might offer work instead of welfare. They might grant funds to well run private charities. They might come up with entirely new approaches that no one has thought of yet.

The federal government should not impede innovation and experimentation at the state level. Clearly the federal government does not know what the right approach to welfare is, and the right approach may vary from state to state. Moreover, any attempt to impose federal restrictions on the design of state welfare programs will tend to give Washington-based interest groups greater opportunity to influence policy and short-circuit fundamental reforms. With open experimentation, by contrast, some states will be able to discover what works, and others can adopt and adapt the best approaches.

All requirements in current federal reform bills — such as cutting off welfare to single mothers under 19, using funds for orphanages, cutting off benefits after two years and denying benefits to legal immigrants — should be deleted. The states can determine whether any of these provisions are desirable and adopt them if they are.

The block grant to each state should be a fixed sum — independent of how much money the state adds to it. Current programs rely on matching grant formulas that provide more federal funds the more the state spends. This only encourages higher, often unnecessary state spending.

With block grants, the federal government would save money immediately by laying off the thousands of bureaucrats who administer the programs. Further reductions would be possible as states find ways to eliminate poverty and reduce the need for welfare spending.

The Private Charity Tax Credit. The second component of reform would be a dollar-for-dollar tax credit for contributions to private charities. Taxpayers could donate up to 40 percent of their personal income tax payments, which is the share of total individual income taxes that currently goes to federal means-tested welfare programs. To the extent that a state's taxpayers utilized such credits, the state's welfare block grants would be reduced by an equal amount. Thus the revenue loss from the tax credits would be offset completely by reduced federal welfare grants to the states, leaving no effect on the deficit.

Block grants plus tax credits would give taxpayers the ultimate control over welfare. If a state misspent its block grant funds, its taxpayers could shift the funds to the private alternatives that work better. Healthy market competition between the state programs and private charities would give state welfare bureaucracies a real incentive to perform well in reducing poverty.

A mountain of evidence and experience indicates that private charities are far more effective than public welfare bureaucracies. Instead of encouraging counterproductive behavior, the best private charities use their aid to encourage self-improvement, self-sufficiency and ultimate independence. The assistance of private charities may be contingent on ending drug use and alcoholism, completing necessary education, taking available work, avoiding out-of-wedlock births, maintaining families and other positive behaviors. Private charities are also much better at getting aid promptly to those who need it most and at getting the most benefit out of every dollar.

With the tax credit, private organizations would be able to compete on a level playing field for welfare tax dollars. To the extent they convinced the taxpayers that they were doing a better job than state bureaucracies, private charities, rather than government, would be permitted to manage America's war on poverty.

Public Sector Failures vs. Private Sector Successes

Although volumes have been written about the failures of government welfare programs, the academic and scholarly community has paid surprisingly little attention to private sector charity. Yet the private sector is playing an extremely important role:

- In 1992, total charitable contributions reached \$124 billion, with contributions by individuals accounting for 82 percent (\$101.83 billion) of that total.¹
- More than 85 percent of adult Americans make some charitable contribution each year.²
- About half the adult population did volunteer work in 1991, contributing more than 20 billion hours of labor.³
- The dollar value of these contributions of time is at least \$176 billion.⁴
- If the value of volunteer labor is included, private sector contributions to charitable causes are approximately the same as the poverty budgets of federal, state and local governments combined.⁵

In this section we contrast some of the best private charities with federal welfare programs in terms of the characteristics of an ideal welfare system.

The Nature Of Charity: Entitlements vs. Gifts. Entitlement programs for welfare are structured so that benefits are granted solely on the basis of personal circumstances. Applicants do not have to give the reasons for their circumstances or explain how they plan to change them in the future. They don't even have to show a willingness to change. In the AFDC program, for example, the requirements for eligibility essentially amount to: (1) low income, (2) very few assets, (3) dependent children and (4) no man in the household. Anyone satisfying these requirements is entitled to benefits. And the word entitlement means "right" — benefits cannot be withdrawn simply because recipients refuse to modify their behavior.

The philosophy of the private sector is quite different. The best private charities do not view the giving of assistance as a "duty" or the receipt of assistance as a "right." Instead, they view charitable assistance as a tool recipients can use intelligently, not only to gain relief but also to change behavior. For example, at many private charities the level of assistance varies considerably from individual to individual. Private agencies usually reserve the right to reduce assistance or withdraw it altogether if recipients do not make behavioral changes.

Many private charities require that a caseworker and an aid recipient develop a plan to move the recipient into self-sufficiency. For example:

- At Jessie's House, a transitional home for the homeless in Hampton, Mass., shelter beyond one week is contingent upon positive evidence of individual improvement.⁶
- At the Dallas Salvation Army, aid varies according to the caseworker's evaluation of the recipient's condition and record of behavioral improvement.⁷

Under entitlement programs, recipients and potential recipients of aid have full freedom to exercise their preferences. In many cases, they choose poverty and, in effect, present the rest of us with a welfare bill we are obligated to pay. Thus, the preferences of public welfare recipients determine the behavior of those who pay the bills.

The philosophy of the private sector is quite different. In general, private agencies allow those who pay the bills to set the standards and expect recipients to change their behavior accordingly. In other words, recipients of private sector welfare must adjust their behavior to the preferences of the rest of society, not the other way around.

If we accept the view that individuals should take responsibility for supporting themselves and their families and that welfare assistance should be administered in a way that encourages this behavior, it follows that the approach of our best private charities is far superior to that of entitlement programs. Because individuals and individual circumstances differ, it is *only* through hands-on management that we can give relief without encouraging antisocial behavior.

Hands-on management includes the tailoring of aid to individual needs and individual circumstances. Such support, counseling and follow-up is virtually unheard of in federal welfare programs. Indeed, when public welfare recipients request counseling, they frequently are referred to private sector agencies.

¹ *Giving USA: 1992 Annual Report*, AAFRC Trust for Philanthropy, Inc., 1993, p. 10.

² Taken from a 1983 Gallup Poll.

³ *Giving USA*, p. 51.

⁴ *Ibid.*

⁵ Counts total spending on means-tested programs.

⁶ U.S. Department of Health and Human Services, *Helping the Homeless: A Resource Guide*, 1984, p. 115.

⁷ Interviews with Dallas Salvation Army social services program administrators and directors.

Getting Aid to Those Who Need It Most. A basic premise of the American system is that government is the last resort. In other words, the role of government is to do those socially desirable things that the private sector either will not or cannot do.

Ironically, in the field of social welfare this premise has been turned on its head. In the early years of the War on Poverty, federal welfare programs were a social safety net — to provide services the private sector, for one reason or another, did not. Now, it is obvious that just the opposite is true — increasingly, the private sector is reaching people whom government does not reach and offering essential services that government welfare programs do not provide.

If a humane welfare system means anything at all, it means getting aid first to people who need it most. One of the most astonishing and least-known facts about the welfare state is how miserably it fails to achieve this goal. Consider that:⁸

- Only 41 percent of all poverty families receive food stamps; yet 28 percent of food-stamp families have incomes above the poverty level.
- Only 23 percent of all poverty families live in public housing or receive housing subsidies; yet almost half of the families receiving housing benefits are not poor.
- Only 40 percent of all poverty families are covered by Medicaid; yet 40 percent of all Medicaid beneficiaries are not poor.
- *Amazingly, 41 percent of all poverty families receive no means-tested benefit of any kind from government;* yet more than half of all families who do receive at least one means-tested benefit are not poor.

Where do people in need turn for help when they aren't getting government assistance? They turn to private charities.

- Ninety-four percent of all shelters for the homeless in the U.S. are operated by churches, synagogues, secular groups and other voluntary organizations.⁹
- A study in Detroit found that 80 percent of low-income people, when faced with a crisis, turned to neighborhood individuals and agencies rather than to government agencies for help¹⁰.
- Similar findings were reported in a study conducted by the University of Southern California.¹¹

Providing Relief Without Encouraging Dependency. A major issue in the welfare-poverty industry is whether the recipient of aid should have to "do anything" in order to continue receiving welfare benefits. Nowhere is the controversy more evident than with respect to workfare.

Throughout the 1970s, there was a continuous political battle at the national level over whether welfare should be tied to work. A fascinating account of the politics of the battle was written by Lawrence M. Mead, who documented the lengths to which the welfare bureaucracy lobbied against any workfare requirements.¹² It appeared the welfare bureaucracy lost the battle when Congress passed the Work Incentive (WIN) program and the Community Work Experience Program (CWEP). However, because it administers these two programs, the bureaucracy that lost the battle won the war by finding few AFDC recipients suitable for workfare and channeling those who were into training or school rather than jobs.¹³ As noted above, the 1988 Federal Family Support Act mandated that all states create work-for-welfare programs. But like WIN and CWEP, this program did not reduce the welfare rolls significantly.

⁸ Bureau of the Census, *Characteristics of Households and Persons Receiving Selected Noncash Benefits, 1983*, (Washington, DC: U.S. Department of Commerce, 1985), Series P-60, No. 148, pp. 1-5 and p. 103.

⁹ S. Anna Kondratas, "A Strategy for Helping America's Homeless" (Washington, DC: Heritage Foundation, 1985), p. 10.

¹⁰ See Robert Woodson, "The Importance of Neighborhood Organizations in Meeting Human Needs," in Jack A. Meyer, ed., *Meeting Human Needs: Toward a New Public Philosophy* (Washington, DC: American Enterprise Institute, 1984), p. 136.

¹¹ *Ibid.*

¹² Lawrence M. Mead, *Beyond Entitlement* (New York: The Free Press, 1986).

¹³ *Ibid.*, pp. 122, 125. For a summary of workfare programs in the 1980s, see S. Anna Kondratas, *The Political Economy of Work-For-Welfare* (Washington, DC: American Legislative Exchange Council, 1986). Kondratas gives these programs a mixed review and concludes that many of the favorable claims made about certain workfare programs, including that of Massachusetts, cannot be verified.

Our best private charities see independence and self-sufficiency as a primary goal for their "clients." Often this goal is accomplished by either encouraging or requiring aid recipients to contribute their labor to the agency itself.¹⁴

Encouraging the Family Unit Rather Than Encouraging Its Dissolution. The attitude toward family on the part of private sector charities usually stands in stark contrast to the incentives built into federal programs.

- AFDC eligibility rules in nearly half of the states have not allowed families with a employed father to receive assistance, regardless of how low the family income is; also, in about half of the states, the family has been ineligible if the father is present at all, regardless of employment.¹⁵
- By contrast, at the Dallas Salvation Army shelter for battered and abused women, the mothers of young children are required to either work with professionals to repair their relationships with their husbands or to find employment in order to continue receiving assistance.¹⁶

Temporary vs. Long-Term Relief. A prevalent philosophy in the private sector is that most people are fully capable of taking responsibility for their lives in the long term, but that emergencies and crises occur for which help is both necessary and desirable. As a consequence, private sector agencies make it surprisingly easy for recipients to obtain emergency relief. It really is true that, in America, almost anybody can get a free lunch.

The near-universal characteristic of private sector charity is that it's easy to get, but hard to keep. Most government programs, by contrast, have the opposite characteristic: it's hard to get on welfare, but easy to stay there. In the public sector, there are often long waiting times between applying for assistance and receiving aid. One study reported that:¹⁷

- In Texas, the waiting period is typically two to three weeks for food stamps.
- For AFDC, the waiting period is typically a month after an applicant completes the complicated and cumbersome application forms.
- The Dallas Salvation Army has had to hire a special staff to decipher public welfare regulations and forms so they can refer people who come to them to the proper public agencies.

Once accepted into the public welfare system, however, people find it relatively easy to stay there for a long time:¹⁸

- Of all women who receive welfare in any given year, about 60 percent receive welfare the next year.
- Among women receiving welfare for two consecutive years, about 70 percent receive it a third year.
- Among women receiving welfare for four consecutive years, about 80 percent receive it a fifth year.

Minimizing the Cost of Giving. There is considerable evidence that private sector charity makes far more efficient use of resources than do public welfare programs. Although temporary relief in the form of food or shelter is fairly easy to obtain from private agencies, long-term assistance or assistance in the form of cash is far more difficult. For example:¹⁹

- Before the Dallas Salvation Army will provide cash to help people defray the cost of rent, recipients must present a court-ordered eviction notice showing failure to pay rent.
- Similarly, before that charity will give financial aid to defray the costs of utilities, the recipient must present a notice of termination of service for failure to pay utility bills.

¹⁴ See Goodman and Stroup, "Privatizing the Welfare State."

¹⁵ Vee Burke, *Cash and Noncash Benefits for Persons With Limited Income: Eligibility Rules, Recipient and Expenditure Data, FY 1982-84*, CRS Report for Congress #85-194 EPW (Washington, DC: Library of Congress, Congressional Research Service, 1985), p. 52; and Murray, "Welfare and the Family," p. S232.

¹⁶ Dallas Salvation Army interviews. Reported in Goodman and Stroup, "Privatizing the Welfare State."

¹⁷ Interviews with Texas Department of Human Services administrators and Dallas Salvation Army personnel. Reported in Goodman and Stroup, "Privatizing the Welfare State."

¹⁸ Martin Rein and Lee Rainwater, "Patterns of Welfare Use," *Social Service Review*, No. 52, pp.511-34, cited in Greg Duncan, *Years of Poverty, Years of Plenty* (Ann Arbor, MI: Institute for Social Research, 1984), p. 78.

¹⁹ Dallas Salvation Army interviews. Reported in Goodman and Stroup, "Privatizing the Welfare State."

Even when there is evidence of need, good private charities often seek to determine whether the potential recipient has access to other, untapped sources of assistance. For example:²⁰

- Before the Dallas Salvation Army will provide continuing assistance to an individual, a caseworker informs the family — including in-laws — and requests assistance from them first.
- The caseworker also makes sure the individual applies for all other public and private aid for which he or she is eligible.

Private sector agencies appear to be much more adept at avoiding unnecessary spending that does not benefit the truly needy and at keeping program costs down by utilizing volunteer labor and donated goods.²¹

Other Evidence of Efficiency. Private sector charitable activities are diverse and widespread in cities and counties throughout the country. Our knowledge of these activities is skimpy. However, as more research is done the evidence mounts that in area after area the private sector outperforms government:

- Private foster care agencies have shown they can outperform government agencies.²²
- Private agencies engaged in job training for teenagers²³ and for the mentally and physically handicapped²⁴ have shown they can outperform government agencies.
- Public housing placed in the hands of tenants costs less and is of higher quality than that owned and maintained by government.²⁵
- Private sector crime prevention programs,²⁶ alcohol and drug abuse programs²⁷ and neighborhood preservation programs²⁸ also have proved to be superior to public sector programs.

²⁰ Ibid.

²¹ See examples in Goodman and Stroup, "Privatizing the Welfare State."

²² Robert Woodson, "Child Welfare Policy," in *Meeting Human Needs*, pp. 455-65.

²³ Sean Sullivan, "Youth Employment," in *Meeting Human Needs*, pp. 215-57.

²⁴ V. Ruth McKinnon, Patricia W. Samors and Sean Sullivan, "Business Initiatives in the Private Sector," in *Meeting Human Needs*, pp. 53-91.

²⁵ "The Grass is Greener in Public Housing: From Tenant to Resident to Homeowner," a report submitted to the U.S. Department of Housing and Urban Development by the National Center for Neighborhood Enterprise, October 1984.

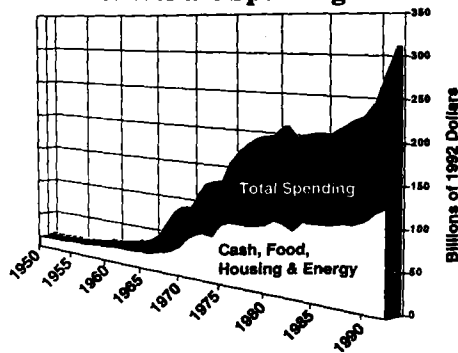
²⁶ McKinnon, Samors and Sullivan, "Business Initiatives in the Private Sector," in *Meeting Human Needs*, pp. 53-91.

²⁷ Andrea M. Haines, V. Ruth McKinnon and Patricia W. Samors, "Social Service Programs in the Public and Private Sectors," in *Meeting Human Needs*, pp. 421-54.

²⁸ Ibid.

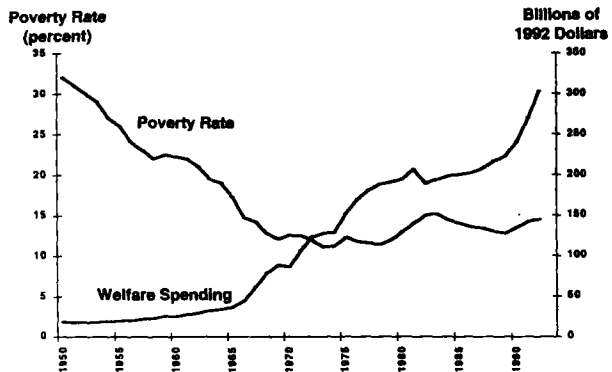
"We are spending more on welfare than on national defense."

FIGURE I
U.S. Welfare Spending



Source: Calculations by Robert Rector, Heritage Foundation, cited in Peter S. Ferrara, ed., *Issues '94: The Candidate's Briefing Book* (Washington, DC: Heritage Foundation, 1994), pp. 122-23.

FIGURE II
**The Poverty Paradox:
The Poverty Rate and Welfare Spending**



"Since 1965, we have spent \$5 trillion on welfare programs, but the poverty rate is higher today than when the War on Poverty started."

Source: Calculations by Robert Rector, Heritage Foundation, cited in Peter S. Ferrara, ed., *Issues '94: The Candidate's Briefing Book* (Washington, DC: Heritage Foundation, 1994), pp. 122-23.

Chairman SHAW. Thank you, Mr. Ferrara.

Ms. Dunn will inquire.

Ms. DUNN. Thank you very much, Mr. Chairman.

I wanted to ask a question of Ms. Young. Ms. Michelman expressed concern that if we do not continue to give welfare support to unwed mothers who have additional children, that that will increase the abortion rate. I wonder if you agree with that statement.

Ms. YOUNG. I disagree. I think we have to address the underlying root cause of abortion. It is not because of money. That is emotional blackmail to say that I am going to have an abortion, if you do not pay for my children. What we have to address is the root cause, and that is teen sexuality. Even Donna Shalala said recently on PBS to the contrary. The problem in this country is not teen pregnancy, it is teen sexuality. In addition, we need to encourage marriage, because married women are nine times less likely to have an abortion than single women.

Ms. DUNN. Thank you, Mr. Chairman.

Chairman SHAW. Mr. Rangel.

Mr. RANGEL. Ms. Young, in your studies, did you find any relationship between poverty and out-of-wedlock kids in the work that you were doing?

Ms. YOUNG. I am sorry, I did not hear.

Mr. RANGEL. In your work, did you find any relationship between poverty and teenage pregnancy?

Ms. YOUNG. In my experience of working in the city of Washington, I have found many cases where in-poverty children are feeling very hopeless and sort of trapped in the system and do not necessarily know any better and often do become pregnant outside of wedlock.

Mr. RANGEL. Also, was there any relationship between lack of a high school education or any employable skills?

Ms. YOUNG. I would say ignorance plays a part in it.

Mr. RANGEL. Ignorance, but lack of training is the same thing, unemployability.

Ms. YOUNG. The cause of lack of training, would be their early sexuality and their becoming pregnant and not being able to attain that type of training.

Mr. RANGEL. Let me put it another way. With those youngsters that have completed school and were working, did you find the same degree of lack of training or did you find a problem among them?

Ms. YOUNG. As high?

Mr. RANGEL. As high.

Ms. YOUNG. Not necessarily. I think that—

Mr. RANGEL. Could you agree that education and employable skills is a deterrent to the problem of teenage pregnancy?

Ms. YOUNG. I would say that discouraging early teen sexuality and encouraging marriage is the main deterrent.

Mr. RANGEL. How do you discourage sexuality? That is something God gives you, sexuality.

Ms. YOUNG. Well, you cannot do that, Congressman, you are government, but private individuals can—I work with these inner-city teens, and that is exactly what I do.

Mr. RANGEL. Don't you think someone who is going to school and working, that sexuality is not as important as it is in achieving their goals?

Ms. YOUNG. Their goals, the children I work with have beautiful dreams. They dream of being attorneys and teachers and Congresspeople. In order to achieve those dreams, there is a certain price you have to pay, and often that is not becoming involved in teen sexuality and——

Mr. RANGEL. Are you saying that teen sexuality is preventing education? I was thinking that lack of education and lack of hope and lack of dreams was encouraging——

Ms. YOUNG. Not necessarily, no. How can a child go to college, when it becomes sexually active early in life and has a child already?

Mr. RANGEL. You find the same traits of sexuality among educated children as you find among uneducated?

Ms. YOUNG. I work with inner-city teens. I do not work with older children. I can give you my experience in working with inner-city——

Mr. RANGEL. There are educated kids in the inner cities, and you must have seen them. Do you find them among the groups that you work with?

Ms. YOUNG. I am sorry, what was your question again?

Mr. RANGEL. With the children that you work with, the teenagers that have given birth to children, have you found many of these people working or having been in college or having dreams of becoming something?

Ms. YOUNG. I am sure that these children do, but welfare promotes these problems. It does not help these problems. What we are talking about is discouraging illegitimacy which takes away these children's dreams.

Mr. RANGEL. The welfare is taking away the kids' dreams and sexuality is taking away their——

Ms. YOUNG. The welfare class is taking away the children's dreams.

Mr. RANGEL. Welfare is taking away their dreams to achieve——

Ms. YOUNG. Exactly.

Mr. RANGEL [continuing]. And the sexuality is taking away from their education?

Ms. YOUNG. Absolutely.

Mr. RANGEL. Thank you for your contribution.

Thank you, Mr. Chairman.

Chairman SHAW. Thank you, Mr. Rangel.

Mr. English.

Mr. ENGLISH. Thank you, Mr. Chairman.

Mr. Ferrara, I wonder if you could amplify on your thinking on the advantages of block grants. My understanding from your testimony is that you feel that by moving from entitlements to block grants, States would be able to dramatically reduce administrative overhead and, therefore, deliver perhaps better welfare services at a lower cost. What are the best examples of that from your own experience? Is it fair to say that you do not associate aggregate levels of spending in programs with the quality of assistance received by people or its effect on their lives?

Mr. FERRARA. Well, the main reason for the block grants is that the current system needs to be completely redesigned. So you give a block grant to the Governors and the States and say here is a clean slate, we are not going to tell you how to do it any more, here is the Federal funding, create a new system from the ground up.

Now, I have a lot of ideas as to what that new system should look like. As I suggested in my testimony, I think the best approach would be to end all entitlements. You can offer people work, and if they come to a certain place you assure them they will be able to work. If you cannot find something in the private sector, you will have them work at something else. This kind of system would change all the incentives, because you no longer are rewarding people for having children out of wedlock, you are no longer penalizing them if they get married, you are no longer rewarding them for not working. The subsidies are only tied to work.

The key problem here is the incentives. The current system has all the wrong incentives and you see the results in the track record. I can cite you chapter and verse the statistics, dramatic decline in work among the lower income groups, dramatic increase in illegitimacy and family breakup. So you look at the incentives leading to that and then you see the results leading to that. The whole system needs to be completely redone.

In addition, you need block grants because Washington does not have the answer to this, and the answers need to be tried in the communities all across the country. There is not one uniform rule here that applies everywhere. Different approaches need to be tried in different areas. Also, when you put it out in the grassroots, it will be the real Americans that will influence the policy that is done. If you do it in Washington, it will be the liberal special interest groups that will ultimately dictate what will be done, along their long-time allies in the bureaucracy.

One of the wisest men in this area is Robert Carlson who did Ronald Reagan's welfare policy for many years. He has a 3-page block grant proposal where the block grants come out of the Treasury Department, so that the regulation writers in the bureaucracy cannot pervert what is being done, and so this can truly be sent back to the States with minimal requirements.

So those are the reasons, and there are examples. In Oregon, they are introducing this kind of work plan that I described. In Utah, they have had this work plan in effect for a portion of the population and decreased the rolls by 90 percent. We should make sure that in our block grants we allow this kind of option to occur where they can actually offer people work, instead of welfare. It may be some mothers with children do not want to go to work. That is fine. They can have other alternatives. They can marry somebody who works. They can make other arrangements. But this provides a safety net based on work, and I think there are many approaches along these lines that can be tried.

You mentioned another advantage, of course, which is a reduction in administrative costs, but that is just one small part. The bigger part is the opportunity to change all the incentives and change the results.

Mr. ENGLISH. So your feeling is that we can provide the States with maximum flexibility and you have a high degree of confidence

that the States will still provide the safety net to our poorest citizens, while changing the design of the system to encourage more responsible behavior and a reduction in behavioral poverty?

Mr. FERRARA. Yes, I do, Congressman. The reason I do is because in those States the same people that elect Congressmen and Senators and Presidents are the ones electing the Governors and the State legislators, and the State officials are answerable to the same electorate that the Federal officials are.

I do not understand this notion that somehow the wisdom only resides in Washington and the democratic process cannot be trusted in some States in this country, which is an incredibly elitist attitude and is thoroughly wrong. If the people in those States can be trusted to vote for Senators and Congressmen and Presidents, they can be trusted to vote for Governors and State legislators that will fulfill their responsibilities.

Mr. ENGLISH. Thank you, Mr. Ferrara. As someone who has had a career in State government, I must say I do not understand the attitude, either. I appreciate your testimony.

Thank you, Mr. Chairman.

Chairman SHAW. Mr. McCrery will inquire.

Mr. MCCRERY. Thank you, Mr. Chairman.

Ms. Young, it was an interesting exchange you had with Mr. Rangel, and I just want to give you the benefit of some data that you may want to use in the future when you have that kind of exchange.

As a matter of fact, for single women never having been married, the average stay on AFDC is 9.33 years. For every other category, it is about 50 percent of that. The separated category is about two-thirds of that. The really stark difference, though, and the one that is the most alarming I think is the percentage of these categories who will have AFDC spells of 10 years or more. Nearly 40 percent of single women who have never been married have spells on AFDC of 10 years or more, compared with 13.7 percent of those who have been divorced, and 10 percent of those who are widowed.

There is a clear relationship to the incidence of poverty and dependency with women who have never been married and who have illegitimate children. This comes from the "Green Book." Of course, we all rely on that. We know that those statistics are accurate.

So I think that your contention is absolutely correct that the emphasis ought to be on preventing teen pregnancies, on encouraging young women not to have babies out of wedlock, and that is part of what this hearing is all about and this effort to reform the programs that are clearly a disaster, Mr. Liederman. You were very emotional in your testimony, but, my goodness, can you not get emotional about the disastrous effects of the programs that you have been espousing for years and years and years?

Surely you would not promote a continuation of the status quo. So I am hopeful that we can work together to bring about serious reform that brings about some improvements in the lives of people in this country.

Ms. Young, in your testimony you stated that your organization supports the family cap, but you did not talk about the provision in the Contract proposal that would deny benefits to young women under the age of 18 or AFDC cash benefits and housing subsidies

to young women under the age of 18. Do you have a position on that?

Ms. YOUNG. Yes, we absolutely feel that these women would be better served to remain in their current homes and to not be encouraged to move out on their own. More money is not going to help the situation, but accountability will and I would encourage that to also remain in the bill.

Mr. MCCRERY. So you agree with the provision that would deny cash benefits and housing subsidies to women under the age of 18?

Ms. YOUNG. I do.

Mr. MCCRERY. Thank you.

Just one other observation, Mr. Chairman, and that is that much of the data that we hear from advocacy groups as to the results like Mr. Johnson's figures on how much Florida would have lost and all this, that is fine and well, but it is all based on worse than a static analysis. It is based on the numbers of people on welfare and children on welfare in years past. What we are talking about is changing the incentives in these programs to reduce the number of people on those programs, so that those numbers you cite really have little relevance as far as where we are trying to go. We are trying to change those numbers, and that is what this is all about.

Mr. JOHNSON. Congressman, if I may respond for a moment, the numbers are intended to show several things. The most important thing is that, in times of recession when unemployment rises and caseloads inevitably rise, the expenditures that are required from States to meet the basic needs of families and children inexorably rise, and that you need to have a financing structure in place that envisions that.

We will see another recession in this country, there is no question. We are now in a pretty good position in terms of our Nation's economic health. Unemployment is relatively low. Those caseloads will rise. The rise in caseloads and the rise in expenditures are not a reflection of behavioral changes during this period. They are a reflection of changes of economic circumstances.

Mr. MCCRERY. You are exactly correct. We do have recessions and we will have another recession.

Mr. JOHNSON. We will.

Mr. MCCRERY. And if you will check the record, you will see that discretionary programs at the Federal level have risen in times of recession. We have responded to those and we will continue to do so. There is no question about that.

So that reinforces my point that all these numbers you throw out to scare people have little relevance to the real world. I appreciate your advocacy, but I wish that we would be a little less emotional with these numbers when we talk about where we go from here, how do we move forward.

Mr. LIEDERMAN. Mr. McCrery, can I respond?

Mr. MCCRERY. Surely.

Mr. LIEDERMAN. I do not think there is any disagreement. I am sure everybody in this room does not believe that 15-year-olds serve themselves by getting pregnant or 16-year-olds by getting pregnant. We totally agree that that is not a good idea and it would be better if they did not.

Unfortunately, we cannot control everybody's lives. The question what happens when someone does get pregnant and what course do we then take to try to move the person into the mainstream of the population, to try to make sure that the child has the same chance you want for your children or my children.

What you are suggesting and what my friend here to the right actually is suggesting is that what we should do to change the behavior is to withhold money. Somehow this notion of withholding money—

Mr. McCRERY. Mr. Liederman, I agree with that.

Mr. LIEDERMAN. Let me just suggest to you that there is no evidence at all to suggest that withholding money will change the behavior, none, zero. You are going to go down the road of allowing States to enact proposals which withhold money in the name of changing behavior, without any idea, without any impact studies, without any sense of outcome measures, and it would be at least useful to let—you know, if one State is going to try it, at least let us look at it for 2 or 3 years and see whether or not your proposition is correct. Maybe it is. I doubt that it is. But if it is, let us see it.

Let me just say something, too, about this notion of the block grants, because—

Mr. McCRERY. Mr. Liederman, my time is just about up, as you can see by the amber light there, and I just want to get a chance to respond quickly. That is what part of this is all about, giving the States a chance to act as laboratories.

Mr. LIEDERMAN. But not across the board for 10 million kids, Mr. McCrery.

Mr. McCRERY. Mr. Liederman, as I pointed out earlier, the current program is a disaster. It is hurting kids all the time.

Mr. LIEDERMAN. I agree.

Mr. McCRERY. It is part of the reason for the disastrous circumstances that some kids in this country live in. We are trying to change that, and one way we think will work is to change the incentives in the system. That is what we are trying to do. You are right, we have got to try it and we are going to try it. We are not going to be brain dead, though, after we enact this program. Some of us will still be up here talking about this and looking at the outcomes, and if it is a disaster, we can revisit that. But let us give the States a chance to try these approaches and get some experience.

Mr. LIEDERMAN. It is easy for us to say, Mr. McCrery, that—
Chairman SHAW. Your time is expired, Mr. McCrery.

Mrs. Kennelly.

Mrs. KENNELLY. Thank you, Mr. Chairman.

Mr. Ferrara, where is your National Center for Policy Analysis?

Mr. FERRARA. The headquarters is in Dallas, and we have an office in Washington.

Mrs. KENNELLY. And do you work out of the Washington office?

Mr. FERRARA. Yes, I do.

Mrs. KENNELLY. How long?

Mr. FERRARA. How long?

Mrs. KENNELLY. Yes.

Mr. FERRARA. I have been there about 1 year.

Mrs. KENNELLY. And you were in Dallas before that?

Mr. FERRARA. No. No, before that I worked at the Heritage Foundation, and before that I worked in the Bush administration at the Justice Department. I was Associate Deputy Attorney General.

Mrs. KENNELLY. In Washington?

Mr. FERRARA. Yes, in Washington. I worked here before that, yes, I did. I live in Virginia, however.

Mrs. KENNELLY. Pardon?

Mr. FERRARA. I live in Virginia, however.

Mrs. KENNELLY. You are just so knowledgeable about what they think out there, and I just wondered if you were out there, but I guess you are here. I did not know about the National Center for Policy Analysis.

One of the premises evidently of the Personal Responsibility Act, as I sit and listen to the hearings, is that young mothers have children to get a check, and yet we have had some very well thought of witnesses that say there is no correlation, that often the young mother has an unintended pregnancy, as has happened since the world began, or the young mother has very low self-esteem, doing very poorly in school—there is that risk—and gets pregnant, and they just are not thinking about the check.

I have been convinced that there is not a correlation between the check, but other people, as Ms. Young has said, think there is. So if there is any correlation, for those who think there is, is there not a fear that there will be increased abortions as a result of discontinuing the check, or is that something I should not assume will happen? I would like to hear the two experts on this, Ms. Michelman and Ms. Young.

Mr. FERRARA. I am sorry, were you asking me that question or not?

Mrs. KENNELLY. I would love to ask you that question.

Mr. FERRARA. You see, I think the key is that—

Mrs. KENNELLY. You are so sure of yourself. This is the worst situation I have ever been involved in. It is so hard. If it was easy, we would have done it. I love it, because you are so sure of yourself, so it makes me feel good.

Mr. FERRARA. The key is that these are not unintended pregnancies. As you said, that has been an issue from time immemorial, but we have in many communities 80 percent illegitimacy rates, so something else is going on today that was not going on 40 years ago. What is going on today is that this vast \$350 billion we are talking about—

Mrs. KENNELLY. There were not unintended pregnancies 40 years ago?

Mr. FERRARA. No, there is something different. There was not an 80-percent illegitimacy rate 40 years ago, that is what I am trying to tell you. So when you have an 80-percent illegitimacy rate in some of these communities, it is not just unintended pregnancies. We have had unintended pregnancies since time immemorial, but we did not have 40 years ago an 80-percent illegitimacy rate.

So something else is going on, and what is going on is this \$350 billion that you are parachuting into these communities that is creating the life support system that allows them to pursue this activity, knowing that they will be supported in it. If they knew this

support was not going to be there, and that someone was going to have to go to work to support the child, and that they could not marry Uncle Sam, that they would have to either have a father to support that child or they would have to support the child themselves, that would change the whole cultural environment and outlook in these communities where the whole idea of marriage has been obliterated.

Mrs. KENNELLY. So putting it back in a block grant is going to solve all these problems?

Mr. FERRARA. You see, if you do a block grant, that allows new solutions to be tried, and I suggested some of the new solutions, such as offering people work instead of welfare, where you are no longer giving people money for having a child out of wedlock, where you are no longer giving people money for not working. You only give money for work, so you change all the incentives.

Mrs. KENNELLY. Is there any offer of any day care there or any job training or any going back for further schooling?

Mr. FERRARA. Well, the day care can be offered as part of the package. It can be done at the State level. The Governors can take the funds and some of the mothers who show up for work can be put to work in a day care center watching the children of some of the other mothers. They will not necessarily all go to work. Many of them may get married to someone who works, realizing now I either have to work to support the child or I need to find someone to marry who can help support the family. Or many of them may not have the children in the first place, knowing that in this new system, this new environment, if they have the child, they are going to have to go to work or somebody is going to have to go to work to support the child.

Mrs. KENNELLY. Thank you, Mr. Ferrara.

Mr. Chairman, could I hear from Ms. Young and Ms. Michelman on the correlation between the check and—

Chairman SHAW. Very briefly, because we are enforcing the 5-minute rule.

Ms. MICHELMAN. It is an important question. The assumption is absolutely incorrect that young women, teenage women get pregnant because they know they have welfare payments out there. I am just amazed, as I listen to this discussion and the discussions in the past days, that all the ills of society are being blamed on the welfare system, and that women, of course, and their behavior is primarily responsible for the failure of families to be whole and well.

Clearly, the system has to be reformed. Clearly, young women who get pregnant, it is not a healthy situation. But these are very complicated problems that are not going to be solved by taking away support from children who are in poverty and women who are in need. The goal should be to elevate the—

Chairman SHAW. I am sorry, I am going to have to cut this off.

Ms. MICHELMAN. I just want to say, Mr. Chairman, if I may—I have not said one word this whole time, but I think our goals as a Nation should be—

Chairman SHAW. Please, Ms. Michelman, this is the time of the Members to inquire.

Ms. MICHELMAN. Thank you.

Mrs. KENNELLY. Could I just put one fact on the record?

Chairman SHAW. I will give you 1 minute.

Mrs. KENNELLY. All right, I will do it in 1 minute. I have data here from the National Center for Health Statistics and it indicates that 85 percent of teen births were unintended in 1988, and I would just like to put that on the record.

Chairman SHAW. Mr. Nussle.

Mr. NUSSLE. Thank you, Mr. Chairman.

It is so frustrating to hear all of the arguments about statistics back and forth, the same statistics used to prove the same facts. Regardless of all the studies and the facts and all of the so-called evidence that is out there, I think we all agree, as Mr. Liederman pointed out, that there is a system that is broken here, and we have got to fix it. That is the bottom line.

I am not convinced that there is a direct provable evidentiary correlation between welfare payments and illegitimacy, that somebody consciously decides that they are going to go out and get pregnant just because they know there is a check. However, I think that most thinking people also would suggest that the culture that is created by welfare has also established a culture where illegitimacy is acceptable and it becomes part of the norm and part of the culture.

All of you, even though there is obviously disagreement about block grants and certainly a lot of very inflammatory statements about people's intentions, I would submit to you that I do not believe that there is any incorrect intentions here. Everybody's intentions are to help kids. I just do not believe that there is somebody up here trying to write a bill that is going to hurt children. I just do not believe that. Whether it is a block grant or whether it is a Republican proposal or a Democrat proposal, I just do not believe that. I would not serve in this place, unless I thought we were all here to try and meet the same goal.

So I get tired of, you know, we are going to take food out of children's mouths and this is obviously going to destroy children. Certainly, that is not what we want to do. I have a 6-year-old daughter and a 4-year-old son and I am not interested in destroying any children, and there is nobody up here that is.

However, I do get a little bit frustrated that, even though it is easy to attack proposals that are on the table, there are very few counterproposals, except just let us keep the same system and tinker with it a little bit. That is what is frustrating to me.

Yes, we are putting a proposal on the table that says we want help, we do not believe all of the information and all of the intellect resides in Washington, DC, we want to branch out to 50 laboratories, because we believe this is such a big problem and that the problem is different in Iowa as it is in California or different in Manchester, Iowa, as opposed to Chicago, Illinois, that we think that one size cannot possibly fit all, and we want to encourage States to do what they can to come up with the nuts and the bolts to fix the problem, with the unified goal and vision that we want to help people break the bonds of poverty and break the bonds of illegitimacy and break this culture that has been around here for too darn long that has caused these problems to escalate from the very time when we thought it was such a big crisis in the first

place, to a time now, as Bill Bennett said the other day, that if it was a crisis back in the sixties, what would you call it today with the statistics that everybody uses.

So I appreciate your testimony, but I guess my challenge would be that if you are going to come here and suggest that we are trying to do something wrong, then I submit to you I cannot do that.

Mr. LIEDERMAN. Could I respond?

Mr. NUSSLE. Let me finish. I can do that. But I would hope that we should not just tinker with the current system, because we have tried that. And I would hope that we would try and be a little bit more bold.

I mean there is a correlation between the culture and the statistics. There has to be. There cannot be any other explanation, in my mind.

I would be happy to hear your response, Mr. Liederman.

Mr. LIEDERMAN. There are a lot of proposals that people have suggested, but the reality is that, if you believe the HHS statistics that 70 percent of moms who go on AFDC come off by themselves within 2 years, half of them who go on come off by themselves within 1 year, 70 percent come off within 2 years, which means that 70 percent of the moms who go on AFDC are highly motivated to come off AFDC by themselves. No one had a 2-year cap, no one beat them over the head, no one took money away. They just come off themselves.

The problem, as you and I know, is they come back on and they come back on because they lose their health care, the job they took was a low-paying job and they could not support the family, they could not get child care where and when they need it, or their life came apart.

But if we know that we have got 7 out of 10 of the moms who go on AFDC that is a highly motivated group, an absolutely highly motivated group that is saying to us by their actions that they do not want to be on welfare because it ain't what it is cracked up to be, they want to be off of welfare, then why do we not take the limited resources that we have and concentrate on that highly motivated group of people and help them to permanently stay off of public assistance, keep their health insurance, have income disregards so that they have enough money to raise their kids, make sure they have child care where and when they need it, give them the tools to stay off of welfare permanently. That begins to be a plan that makes sense, and you could implement that plan and that plan would be child friendly. A lot of the suggestions that are being made by Governors around this country just do not accomplish any of that.

I want to correct the record, Mr. Chairman, because I said the poverty rate in Wisconsin was up 60 percent. It is not. It is the child poverty rate, children between ages of 5 and 17. The child poverty rate is up, while the dollars have been reduced in public assistance.

Chairman SHAW. I am going to have to interrupt you right there, because the time of the gentleman has expired.

Mr. LIEDERMAN. Thank you.

Chairman SHAW. Mr. Ford will inquire.

Mr. FORD. Thank you, Mr. Chairman.

Mr. Liederman, the Personal Responsibility Act suggests that the child of a teenage mother who is born out of wedlock, should not be eligible for cash benefits under the AFDC Program. Do you support that theory under the Personal Responsibility Act?

Mr. LIEDERMAN. Absolutely not, Mr. Ford. As I testified, there is no relationship between the holding back of money and the modifying of young women's behavior. When I hear my—

Mr. FORD. How do we address that problem? We know that there are problems in this area. We do not want to suggest for 1 minute that a teen pregnancy would call for that teen moving out of the house and establishing their own home and—

Mr. LIEDERMAN. No, we do not want that to happen.

Mr. FORD [continuing]. Cash benefits, food stamps and housing assistance.

Mr. LIEDERMAN. Right. We do not want young women 16 years old establishing their own household. It would not make any sense at all. They should live with their family wherever it is possible.

But let me just give you one statistic. Among our member agencies are the Crittenden Programs which are services to teen moms, and they serve the teen moms and the children. We did a quick study—

Mr. FORD. Is it sort of a group home setting?

Mr. LIEDERMAN. They are group home settings. We did a quick study of 17 of the agencies serving 1,000 kids, and we found that half the kids said they could not go back to their own home for fear of further sexual or physical abuse. Almost all of the kids that come to our programs have been physically or sexually abused. So you have to be careful when you talk about this notion of staying with the family. Where it is possible to stay with the family, the young woman should be with the family. That would be the best place.

But do not take away the cash benefit. I heard Senator Gramm the other day—do not take away the cash benefit.

Mr. FORD. Should we enter into some type of contract with the baby's grandmother assuming that the mother and the child stay in the home of the baby's grandmother?

Mr. LIEDERMAN. Where it is safe to do that.

Mr. FORD. Maybe we pass the cash benefit on to the grandmother, rather than the mother, enter into some type of contract with the grandmother and the mother in reference to the mother of the child going back to school, graduating from high school until such time she would receive a degree or something and—

Mr. LIEDERMAN. You are on the right track. We want the young woman to finish high school. That is the first order of business. I would hope she would go on and get further education. We want her to get part-time job experience so she gets good work experience and begins to develop some good self-esteem.

My friend here talked about self-esteem. It is absolutely critical that young people develop good self-esteem, have a sense of where they are going in life. If we can help them to do that, they are not going to have more children.

Mr. FORD. What if we deny the mother the cash benefits and pass it on to the grandmother to make sure that the mother—

Mr. LIEDERMAN. I think it is important, Congressman Ford, to teach the young mom responsibility. We are talking about assuming responsibility—

Mr. FORD. We want her to go back to school.

Mr. LIEDERMAN. Sure.

Mr. FORD [continuing]. To go back to school and finish. She is under the supervision of her mother, pass the cash benefits on to her mother, rather than trying to teach this young mother who is 15 or 16 years old these responsibilities.

Mr. LIEDERMAN. The likelihood is that it is an academic argument, because the likelihood that the money is going into the household, so whether you target it to the grandmother or you target it to the mother, the money is going into the household and it is going to be used to take care of basic needs.

We are not talking about a lot of money here. We are talking about a pittance. I mean this is a small amount of money. But, as Senator Gramm said, he does not understand how families can raise children on the amount of money that they have in middle-class families, let alone poor families.

Mr. FORD. Ms. Young, can I get you to respond to that latter part about the cash payments, if there were cash payments to be made to the 15- or 16-year-old, that it would be passed through to her mother, which would be the grandmother of the kid?

Ms. YOUNG. First, I think we need to get away from the idea that government is the one that is responsible for raising these children. It is not. We first have to bring some responsibility for the fathers, and I have not heard very much talk about paternity establishment.

Mr. FORD. I am in support of that, totally in support of that, but that is not my question, Ms. Young.

Ms. YOUNG. Often you will find in these cases—and I can give you some more supporting documentation on this later—often these fathers of the teenage girls are older, not necessarily minors themselves, and they should be held absolutely financially responsible. That is the first thing.

Mr. FORD. I am in agreement with that.

Ms. YOUNG. The second line of defense is the block grants to the States can better meet these needs on a State level than on the Federal level. We failed. We have failed. We have got to try something different, where there is better accountability and where we can do a better job of keeping track. These girls can stay in the home, and if there is abuse in the home, then the—

Mr. FORD. I am sorry, Ms. Young, but my time is expired.

Thank you, Mr. Chairman.

Chairman SHAW. Mr. Levin will inquire.

Mr. LEVIN. Thank you very much.

Mr. Ferrara, let me just ask you about the block grant idea. I am in favor of much, much more State flexibility, but there is the issue of block grants versus some version of the President's entitlement system.

What happens if we block grant and we just stabilize it at a certain level? What happens in times of recession? Right now, there is a system both for AFDC and also for food stamps and others,

and the changes from year to year can be rather dramatic. What do we do about that?

Mr. FERRARA. First of all, the Congress would have the ability to increase the block grant in times of recession, if they thought that was desirable. The State governments could add additional funds in times of recession, if they thought that was desirable. Also, in my view, if they do this right, I think that the dependency population will be reduced so much with the changes in incentives, that that is really not a central concern. I think if this is done right, you will not need anywhere near the current level of funds.

Mr. LEVIN. And you think that is true for food stamps?

Mr. FERRARA. Yes. When I am talking about current level of funds, I am counting all the programs, AFDC, food stamps, public housing, Medicaid, all the funds in the programs that add up to that \$350 billion I mentioned before.

Mr. LEVIN. You have seen the data about the increases in food stamps, for example, during periods of recession. Many of the families that go onto food stamps are working families, are not people on welfare. What you are saying is either there will be an emergency appropriation by the Federal Government or leave it to the States?

Mr. FERRARA. Both the Federal and State government would have that capability during a recession. You appropriate these things from year to year, and the block grant will come under discretionary appropriations. As one of the other Members indicated, you have a history of increasing those appropriations during times of recession and you would be perfectly able to increase the block grant, if that would be necessary during a recession.

Mr. LEVIN. Wait 1 minute. During recessions, you take the recession in the early eighties, the States that were hard hit had budget deficits. Now, tell me how States that go into deficit are going to be able to pick up the increased costs of food stamps for working families.

Mr. FERRARA. Congressman, if you had a situation like 1982 again and you thought there were many States that were not able to respond to the problem, you would be able in Congress to increase the block grants to those States, so you could address the problem perfectly well in the block grant system.

Mr. LEVIN. Remember there were deficits in the U.S. Government, too. So you are saying that, for all of the safety net, what we should do is to withdraw any consideration of an automatic increase in times of greater need and leave it to the Federal Government and to the States across the board, food stamps, AFDC, whatever?

Mr. FERRARA. Exactly, Congressman. How can you have an automatic increase? It may not be justified all the time. I think Congress needs to look at it on a case-by-case basis.

Mr. LEVIN. I think we need to look at it, but I think we ought to understand for working families what the potential implications are.

Let me ask you also about charities. We have had some testimony from charitable organizations here about their ability to pick up the slack and a number of them, including the religious charities, say that they do not simply have that capacity, that simply

to say to the charities you pick up the gaps is not realistic. Your response to that is?

Mr. FERRARA. Congressman, under our proposal they would have access to more funds, because they would be able to get—what I proposed in addition to the block grants was a tax credit for private contributors and those funds would come out of the block grants, so the private charities would be able to compete for the block grant funds and, where they were doing a better job, the taxpayers would be able to shift the funds to those groups, so they would have new resources.

We show in one of our studies that in fact it is the private sector charities that get there first. If you have an ideal system, what you want is a system that gets people charitable assistance quickly, but it is hard to get it for a long period of time, and that is exactly what you have in the private charities. They are the ones where you get immediate assistance today, if you need it.

The Federal approach is exactly wrong. It is hard to get on right away, but then, once you are on, you have millions of people who stay on for years and years.

Mr. LEVIN. My time is up, but I think it would be interesting to hear from the charities whether they support your proposal.

Mr. FERRARA. Many do, sir, and Congressmen Kolbe and Knollenberg introduced it earlier this week in legislation.

Chairman SHAW. The time of the gentleman has expired.

Mr. Levin, there is an interesting food stamp expenditure that is going on. I notice when you brought up the recession, there seems to be a lag time here between 1981 and 1982. The expenditure on food stamps actually dropped. There was a sizable increase in 1983, but that shows that there is a lag time in which the Congress can react. That is contained in the—

Mr. JOHNSON. Mr. Chairman, if I could just clarify. In 1981, you may recall there were a series of food stamp cuts that were passed by Congress at the initiative of President Reagan, and that is why you would see the drop between 1981 and 1982.

Chairman SHAW. It went from \$11.8 to \$11.6 billion.

Mr. JOHNSON. That is right.

Chairman SHAW. Was there an increase then in 1983?

Mr. JOHNSON. Yes, I suspect there was. What I am suggesting—

Chairman SHAW. Let me ask a question. Was it a congressional increase? The law did not change then.

Mr. JOHNSON. The law changed in 1981, Mr. Chairman, and it reduced eligibility for food stamps.

Chairman SHAW. It changed in 1981 and it dropped substantially from 1981 to 1982. Then the law did not change between 1982 and 1983, and there was a substantial increase.

Mr. LEVIN. Would the Chairman yield?

Chairman SHAW. I think what is shown there is that there is a reaction time.

Yes, I would be glad to yield.

Mr. LEVIN. Mr. Chairman, I think what those figures show is that the drop that occurred from 1981 to 1982 was because of the change in the food stamp law which diminished the eligibility groupings for food stamps. But despite that narrowing of eligibility,

because of the recession in 1983, there was a substantial increase in the number of families using food stamps. If Michigan is any experience, a lot of that increase came from working families that needed food stamp help because they were laid off through no fault of their own.

Chairman SHAW. I understand that. Reclaiming my time, the only point I am trying to make is that there is a lag time in the figure even under existing law.

I would like to thank this panel. I think all the Members have inquired now.

I would now like to call up the third panel. We have Darryll Grubbs, president of the Child Support Council; Roberta Spalter-Roth, director of research, Institute for Women's Policy Research; Diana Pearce, director of Wider Opportunities for Women; Hon. Arthur Flemming, who is chair of Save Our Security Coalition, former Secretary of Health, Education and Welfare; and Hon. Randy Johnson, who is a county commissioner in Hennepin, Minnesota, and third vice president of the National Association of Counties.

Mr. Grubbs, if you would proceed. I have all of your written statements which are being made a part of the permanent record. You may feel free to summarize or proceed as you wish.

STATEMENT OF DARRYLL W. GRUBBS, PRESIDENT, CHILD SUPPORT COUNCIL

Mr. GRUBBS. Thank you, Mr. Chairman. Chairman Shaw and Members of the Human Resources Committee, it is a pleasure to be here today.

I am Darryll Grubbs, president of the Child Support Council. We are a nonprofit, nonpartisan organization whose primary goal is to improve child support enforcement and establishment through a strengthened public/private sector partnership. You usually do not get to hear very much about the private sector as being part of the solution to the child support problem, but this is in fact going on throughout the United States and is a relatively recent phenomenon.

In fact, in many areas the private sector is leading the way to improving child support enforcement. Furthermore, private companies today are actually running and operating a number of State and local title IV-D child support enforcement programs throughout the United States. And perhaps even more surprisingly, some of those companies have very familiar names, such as Lockheed and Arthur Andersen.

Privatization offers many attractive options to State and local child support agencies. I will not list them all, but they are included in my written statement. There are other ways that the private sector is helping improve child support enforcement today, including collection contracts, automating payment processing and paternity testing throughout the United States. Some of the companies that are members of our organization will also be testifying on Monday and can provide you more details about the way in which they are serving child support programs.

The private sector brings innovation and resources to the child support program. Wherever there is a problem, it seems there is

a private company that is willing to help step up and try to address that problem. It is extremely fortunate, because solving the tremendous consequences resulting from out-of-wedlock births and uncollected child support will require all the efforts, resources, technology and manpower that the government and the private sector can collectively bring to bear.

I would like to briefly address a few of the difficulties that we see with the existing child support program and how they came about. The current program, as you know, has met with only marginal success. The primary reason for that marginal success is that the IV-D Program is overworked and overextended, as are the IV-D agencies operating this program. We believe this has occurred due to the overwhelming number of Federal mandates that have been imposed and added increasingly in recent years to the IV-D Program, the broadened scope of the IV-D Program, and the expanded number of those who are to be served by the program. We believe that this situation is continuing.

A number of the proposals pending in Congress would expand child support services to one of universal coverage, including those who have not chosen to even enter the IV-D Program. We think this is a trend that must be seriously reconsidered, and other alternatives proposed.

The Child Support Council specifically recommends a few alternatives that recognize what we believe is a new political and fiscal reality today, which is that government cannot solve all the social problems in the country, nor can it afford to pay for all of the solutions. Accordingly, the Child Support Council recommends the following:

First, there must be a prioritization of the IV-D caseload. The government's program must go back to serving those most in need, which is AFDC and low-income non-AFDC clients. There is a proposal pending in Congress, that was sponsored by a Democrat, that would actually require the IV-D Program to only serve that population.

We also believe that much greater efforts must be made to promote paternity establishment throughout the United States. These programs include expanding voluntary acknowledgment programs and providing educational efforts aimed at discouraging unwed teen pregnancy.

We also believe all new and modified child support orders in State IV-D caseloads should be required to provide for automatic late payment penalties. The penalties should be applied to the costs of operating State IV-D agencies or to reducing fees charged non-AFDC clients.

Next, Federal child support policies should encourage the expansion of private sector participation in the IV-D Program whenever use of a private sector business would result in government cost savings and improve the ability of State and county IV-D agencies to increase establishment and collection of support.

Next, instead of creating new federally operated systems for child support enforcement as contained in some congressional proposals, Federal law should encourage and facilitate State efforts for creating interstate compacts, networks and agreements by which child support information would be shared among States.

Congress should also begin to encourage non-IV-D administered programs to monitor all new child support orders from the day they are issued, and to have in place systems to automatically and immediately institute enforcement of any delinquency. No other single factor has as much impact on improving compliance with payment of child support than occurs through monitoring of payments from the day they are issued and the immediate and automatic enforcement of late payments. These systems would help reduce future IV-D Program costs by preventing a large percentage of cases from becoming chronically nonpaying and entering the IV-D system.

Thank you very much.

[The prepared statement follows:]

TESTIMONY OF DARRYLL W. GRUBBS CHILD SUPPORT COUNCIL

Chairman Shaw and members of the Human Resources Subcommittee, it is a pleasure to be here today. I am Darryll Grubbs, President of the Child Support Council (CSC), a non-profit, non-partisan association whose primary goal is to improve child support establishment and enforcement through a strengthened public-private sector partnership. Accordingly, today, in my testimony, I will focus on welfare reform proposals relating to child support enforcement.

My perspectives about the child support enforcement program result from my personal experience in child support enforcement that began over seven years ago. From 1987 through 1991, I was an Assistant Attorney General in the Child Support Enforcement Division of the Texas IV-D agency.

As a result of the innovations that occurred within the Texas IV-D program during the period from 1987 to 1991, it was recognized as the "most-improved" program by both the National Child Support Enforcement Association (NCSEA) and this Subcommittee.

Despite our progress in Texas, I left the Attorney General's office early in 1992 because I reached the conclusion that the problem of unpaid child support in the United States could not be solved by the efforts of government operated IV-D agencies alone. I also came to recognize that in an era of growing concern about budgetary deficits in Washington, and in almost every state capital, it was unrealistic to expect the federal and state government to bear the entire cost of operating the child support enforcement program.

It is as a result of these concerns that I established the Child Support Council and began working on, writing about, and promoting solutions to the child support problem that involve a much greater private sector participation.

THE CHILD SUPPORT COUNCIL: PRIVATE SECTOR PARTICIPATION IS NECESSARY FOR SOLVING THE CHILD SUPPORT PROBLEM

The membership of the Child Support Council (CSC) is composed of companies (listing attached) that are leading the way in the "privatization" of the child support enforcement program. This privatization is occurring in a number of different ways. Increasingly, within just the past several years, our member-companies are actually operating local Title IV-D child support enforcement offices in several states, including Tennessee, Nebraska, Virginia and Mississippi. Even more surprising, perhaps, is that among the private companies operating and competing to operate state and county IV-D offices and programs are some with very familiar names, including Lockheed and Arthur Andersen. They are among a growing number of companies, many of whom are our members, that are assuming from state and county government the responsibility for operating Title IV-D program activities, including everything from paternity establishment to enforcement and collections.

This particular type of child support privatization is occurring because private companies offer many valuable advantages to state and local government's trying to quickly improve their child support enforcement programs. And although privatization of Title IV-D child support enforcement programs is a relatively recent phenomenon, some of the benefits of IV-D privatization are already being seen and include the following:

- companies may have available greater resources than the government IV-D agency, and can "invest" them to improve program operations;
- private contractors may be able to move more quickly in acquiring new equipment and personnel since they may not be required to follow complex procurement, purchasing and hiring procedures of government agencies;

- private contractors operating child support enforcement programs can often provide benefits to workers which increase productivity but that are not permitted to state employees, such as incentives and cash bonuses;
- private companies can acquire and bring into their operations "outside" experts and skilled consultants who may not otherwise be available for hire by the government IV-D agency (in fact, private child support contractors in recent years have hired many experienced and highly respected former government child support administrators and personnel);
- contractors may be able to operate a IV-D program more cost-effectively than a government agency since they can utilize temporary and part-time subcontractors and perhaps minimize expenses of employees;
- companies obtaining long-term contracts with a state or county to operate its IV-D program may be able to provide greater continuity of management and operation (and perhaps reduce management and personnel turnover) than the government agency that is subject to political change and influence;
- private contractors providing IV-D services may have greater incentives to make capital improvements and upgrades in physical operations because they can "invest" in these improvements with the prospect of recovering their investment and, hopefully, some profits, while government IV-D agencies are reimbursed only for their current IV-D operating costs; and,
- private contractors hired to perform child support services can provide the IV-D agency with an alternative to hiring additional government employees, a consideration that is increasingly important during times of frequent and prolonged government hiring freezes.

There are other ways in which private companies are helping state and local IV-D programs. Several companies have had collections contracts with state IV-D agencies during the last couple of years and have been responsible for dramatically increasing child support collections in Massachusetts, Arizona, Texas, Georgia, and Tennessee, among others. In addition, one of our members has automated the child support payment processing system for the entire State of New York. Also among the CSC's members are two of the nation's largest paternity testing laboratories that today provide 70 percent of all paternity testing for state and local child support enforcement agencies.

The number of ways in which the private sector is helping to improve child support establishment and enforcement efforts throughout the United States is growing every day. Whenever IV-D programs identify a problem, or seek innovative solutions, it seems that there is a business willing to help and to offer services and resources. And that is extremely fortunate, because solving the tremendous problems resulting from out of wedlock births and uncollected child support will require all the efforts, resources, technology and manpower that government and the private sector can collectively bring to bear.

GOVERNMENT ALONE CANNOT SOLVE THE PROBLEM OF UNPAID CHILD SUPPORT

As the members of this Subcommittee know, the fact that billions of dollars of child support goes unpaid each year, and hundreds of thousands of children will never receive child support because paternity will never be established, is a national tragedy.

Certainly, if there were no limitations on the resources and funds available to the federal government, it would nice to contemplate a system where paternity could be quickly and conclusively established in every out of wedlock birth, and anyone needing a delinquent child support order enforced could obtain immediate, prompt and free services from a government child support enforcement agency. Unfortunately, today's fiscal and political realities do not make this a likely scenario.

As a result, the Child Support Council is proposing solutions that will permit those most in need of child support enforcement services to continue being served first and without cost by the government child support enforcement program. Others having less need will be provided some options in obtaining timely and effective services, and those who have adequate financial resources will be asked to help pay for some of the costs of services provided to them. Finally, those who have avoided their obligations of financial support to their children will be required to pay a significantly larger part of the costs for enforcing support orders than they do today.

Finally, the Child Support Council's recommendations to improve child support enforcement call for leaving the operation of the IV-D program at the state and local level. This reflects the view of most CSC members who believe that local control over this vital effort is best and offers the greatest opportunity for innovation and improvement. While there are proposals pending in Congress today that would partly or totally federalize the operation of the Title IV-D child support enforcement program, we believe such efforts are untimely and offer no greater likelihood for success.

Before identifying the ways in which the Child Support Council believes child support enforcement can be improved in the United States, however, it is necessary to first identify a couple of fundamental and underlying reasons why the current Title IV-D child support establishment and enforcement program is not able to timely and effectively serve its clients.

THE ORIGINAL OBJECTIVES OF THE IV-D PROGRAM, ESTABLISHING PATERNITY AND AFDC RECOVERY, ARE BEING ABANDONED BECAUSE OF NEW FEDERAL MANDATES

Based upon various studies of the child support program, and through discussions with those at the state and local level who perform child support enforcement activity, the Child Support Council has identified several basic and fundamental situations that exist in the United States that must be changed if the child support enforcement problem is to be solved.

Federal law originally required the IV-D program to serve just those applying for AFDC, and who were automatically referred to the IV-D agency for paternity establishment and child support enforcement services. Later, the federal government expanded the program's responsibilities to serve anyone who voluntarily applied for IV-D services, and regardless of their income or relative need. This occurred, apparently, on the theory that anyone not receiving child support and not already on AFDC was likely to turn to AFDC sooner or later. Again, several years later, federal law was changed to require the IV-D program to automatically serve all Medicaid recipients as well.

More recently, new federal laws have continued to expand the IV-D program by requiring IV-D agencies to automatically review and modify child support orders for anyone

requesting it (AFDC or non-AFDC). Title IV-D programs are now also required to ensure that every new or modified child support order (not just those in the IV-D caseload) provide for automatic wage withholding, and to monitor its implementation, whether or not this action has been requested by either a custodial or non-custodial parent.

This trend in federal law toward expanding the scope of the IV-D program and to becoming one that provides "universal" coverage in certain areas is continuing. Several proposals pending in Congress today create new requirements that further expand the scope of universal coverage of the IV-D program. These requirements will mean new costs for federal and state governments and a broadening of direct federal participation in the operation of IV-D programs.

Some of these proposals pending in Congress would require states to establish registries of all new child support orders (not just IV-D cases) issued by the courts in every state. They would also establish a federal "Child Support Registry," to be operated by a designated federal agency, and to which all states would be required to submit copies or abstracts of all child support orders issued in the states.

Another proposal contained in some of the pending welfare and child support reform bills would expand the IV-D program to mandate that all states require their employers to report all newly hired employees to a state entity for purposes of determining whether child support is to be withheld from the newly hired employee's paycheck. The state, in turn, would be required to report that information to a designated federal agency that would operate a giant national clearinghouse of information from which states would attempt to match child support obligations against newly hired employees located in any state.

While the concepts behind these proposals have merit, the legislation itself reflects a continuing federal attitude toward expanding the IV-D program far beyond its original goals and objectives. These proposals would require state and local IV-D agencies to exercise jurisdiction over cases and individuals who are not part of the IV-D program. These proposals continue to promote the involvement of federal agencies in an operational role that has been traditionally left to the states. Furthermore, the result of these proposals, and the mandates over the last 10 to 15 years, is added burdens on IV-D agencies at a time when most are struggling to serve all those who are newly eligible for IV-D services. Finally, implementation of new programs that further expand the universal application of the IV-D program makes it increasingly difficult for IV-D agencies to perform their original and fundamental objectives of establishing paternity and recovering AFDC expenditures.

In fact, well over a million children are born outside marriage each year, but paternity is established in only one-third of the cases. The more than 600,000 annual cases of childbirth that have no paternity established are simply added to the backlog from previous years. The establishment of paternity is particularly important since it is always the first step in the government agency's efforts to meet its goal of collecting child support.

With respect to the 7.5 million AFDC child support cases, which account for 44 percent of the fiscal year 1993 caseload, collections were made in only 11.7 percent of the cases, a decrease of 0.6 percent from 1992 and an increase of .7 percent since 1985. In fiscal year 1993, the collections in these welfare cases represented a recovery of only 12.10 percent of the AFDC paid out during the year, an improvement of just 0.6 percent from 1992 and only 4.8 percent since 1985.

THE EXPLOSIVE GROWTH OF NON-AFDC CASELOADS

From fiscal years 1985 to 1993 the number of non-welfare cases in the IV-D system rose by well over 100 percent--far outstripping the increase in the number of welfare cases, which rose only 21 percent.

Unfortunately, federal legislative efforts in recent years designed to help IV-D

programs obtain the tools to better establish and enforce cases, such as the income tax refund intercept program, have created another set of problems. In many instances, those seeking help with child support enforcement services are forced to turn to the IV-D agency because the IV-D agency is the only that is legally able to utilize certain effective enforcement tools.

Another reason for the increase of non-AFDC caseloads in IV-D agencies is that, in most states, IV-D services are available without cost to the client. This has resulted in a 435 percent increase in administrative expenditures for non-welfare cases since fiscal year 1984.

Because of this explosive non-AFDC growth in cases and costs, the IV-D program is unable to provide many of its clients with timely and effective child support establishment and enforcement services. Between 1979 and 1993, the Title IV-D caseload grew from 4.1 million cases to over 17 million cases. In fiscal year 1979, when the government program was still fairly new, there were collections on just 17.1 percent of the IV-D caseload nationwide. In fiscal year 1993, the rate of collections had risen to only 18.3 percent. This is an increase of just 1.2 percent in a fifteen-year period, in spite of improved enforcement techniques.

An overworked, overextended child support enforcement program does not serve anyone very well. It is time for "reinventing" the IV-D program in light of the current fiscal and political realities.

THE CHILD SUPPORT COUNCIL'S RECOMMENDATIONS FOR "REINVENTING" THE NATION'S CHILD SUPPORT ENFORCEMENT PROGRAM

The Child Support Council's recommendations address many of the systemic problems that have permitted only limited success by the IV-D program. Our goal is to address these systemic problems through some bold and innovative initiatives, while trying to avoid new programs and activities that require increases in current IV-D federal spending or more federal bureaucracy. The CSC's recommendations are as follows:

- (1) The government's child support enforcement program must be prioritized. State IV-D programs should continue serving those most in need--AFDC and low income non-AFDC clients (those below 175 percent of the poverty level). Beyond this target population, federal law should permit a state to choose whether to serve higher income non-AFDC clients through the IV-D program. If a state decides to serve higher income non-AFDC clients through the IV-D program, then the state IV-D agency should be required to recoup at least the federal share of the costs for serving these clients through fees charged for services.

As noted earlier, originally, the IV-D program served only AFDC clients. Thereafter, based upon the belief that a substantial number of low income custodial parents also might turn to welfare unless child support was enforced, the IV-D program became one to which anyone is entitled to services, regardless of income or ability to pay. This policy is part of what has caused the explosion in the caseloads and costs of the IV-D program.

The GAO, however, in a 1992 report revealed that 53 percent of the individuals requesting non-AFDC child support services had incomes exceeding 150 percent of the poverty level, 42 percent had incomes exceeding 200 percent of the poverty level and 21 percent had incomes exceeding 300 percent. The GAO concluded by stating that "...many non-AFDC clients being served may not be within the low-income population to whom Congress envisioned providing services."

The same GAO report found that if all non-AFDC clients of IV-D agencies were charged a collection fee equal to just 15 percent of the child support collected by the IV-D agencies on their behalf, it would cover all the IV-D programs' costs for serving this non-AFDC clientele.

- (2) Early paternity establishment should be one of the highest, if not the highest, priority of the IV-D program. The problems facing the United States as a result of the increasing number of births out of wedlock where there has been a failure to timely establish paternity are well known. Aside from the legal rights (such as inheritance) and other physical and emotional benefits that children born out of wedlock and without benefit of paternity may never receive, the failure to conclusively determine the identity of the biological father at birth has created a major impasse in the ability of child support enforcement agencies to obtain and enforce support orders for these children.

To promote even greater efforts by state and local IV-D agencies to pursue paternity establishment, the CSC recommends that enhanced federal IV-D funding (90% matching rate) be extended to include all costs related to parentage establishment efforts, including efforts for obtaining voluntary acknowledgements in birthing hospitals, and for educational efforts aimed at discouraging unwed teen pregnancy. (Currently, just the cost of parentage testing is reimbursed at the 90 percent match rate.)

[There is one caveat to voluntary acknowledgements of paternity that needs to be noted. In our haste to identify a "father," we must be careful not to deprive alleged fathers of basic due process considerations, including clear notice of the likely obligation that will result from signing a voluntary acknowledgement form. Also, we believe it would be prudent to encourage parentage testing as part of the voluntary acknowledgement process, and to provide that paternity testing be an option in hospital paternity establishment programs in large urban hospitals. There are a number of reasons why this would be desirable, but one of the primary reasons is to minimize the likelihood of later legal challenges to a voluntary acknowledgement. The results from a parentage test identifying the person who signed the voluntary acknowledgement as the biological father would make it extremely unlikely that a judge would reverse because of a later claim of lack of notice or fraud in signing an acknowledgement form.]

- (3) All new and modified child support orders in state IV-D caseloads should be required to provide for an automatic late payment penalty. The principle of "pay now (on time) or pay more later" is part of almost every other kind of recurring billing procedure (loans, utility bills, etc) and should be part of the routine payment process for child support payments in the United States. Those who do not pay their child support on time should be penalized. The penalties should be applied to the costs of operating state IV-D agencies or to reducing fees charged to non-AFDC clients (proposed in #1 above).
- (4) Federal child support policies (including current and pending regulations) should encourage the expansion of private sector participation in the IV-D child support program. This should occur whenever use of a private sector business would likely result in government cost savings, prevent the need for hiring new government employees, or improve the ability of state and county IV-D agencies to increase paternity and child support order establishment, or the collection of support on delinquent child support accounts.
- (5) States laws should provide that the results of genetic testing that determine paternity are presumed to be legally "conclusive" and may not be rebutted or contested (except for very limited and narrow exceptions.) This will facilitate paternity establishment throughout the United States and greatly reduce the number of costly court proceedings.
- (6) Instead of creating new federally operated systems for the child support enforcement program as contained in some Congressional proposals, such as federally operated databases for maintaining state issued support orders and employer new hire reports, federal law should encourage and facilitate state efforts for creating interstate

compacts, networks and agreements by which state generated data that is valuable to child support enforcement efforts would be shared among states. In essence, state agencies, and not federal ones, should operate these data sharing systems.

- (7) Information maintained by federal agencies to assist in establishing and enforcing child support, and which is presently made available to state IV-D agencies, should also be made fully available and accessible to private child support enforcement contractors operating IV-D programs and to reputable private child support collection agencies that meet acceptable state regulatory rules for safeguarding information and maintaining confidentiality of the information.
- (8) Reputable private child support collection agencies should be permitted to submit cases to IV-D agencies for IRS intercept. The IV-D agency should be given authority to submit the case for IRS intercept without first having to make it a IV-D case over which the IV-D agency would then have to assume full responsibility for all enforcement. Implementation of this recommendation would help make it possible to keep cases out of the IV-D system that would otherwise have to become IV-D cases simply to utilize IRS intercept.
- (9) Congress should encourage states to begin "non-IV-D" administered programs to monitor all new child support orders from the day they are issued and to have in place systems to automatically and immediately institute enforcement of any delinquency. No other single factor has as much impact on improving compliance with payment of child support than occurs through monitoring of payments (from the first day ordered to be paid) and the immediate and automatic enforcement of any late payment. These systems would help reduce future IV-D program costs by preventing a large percentage of cases from becoming chronically non-paying and entering the IV-D system.

There are a number of studies that have shown that child support cases monitored from the day they are issued through the end of the period of obligation, coupled with immediate enforcement of delinquency, results in paying rates as high as 70 to 80 percent. To implement such a system throughout the United States will be a substantial undertaking, but one which would do more to improve compliance with child support obligations than anything else.

Again, as with our earlier recommendations, this effort does not need to fall on the IV-D program or even paid for by taxpayers. Instead, these non-IV-D monitoring and enforcement projects can be operated by local or county governments using only revenue generated from a minimal monthly fee assessed against the obligor (and obligee, if desired).

[In addition to the advantage of not having to be taxpayer funded, these systems do not even have to be operated by government agencies. There is just such a program about to begin in Dallas County, Texas that should be closely watched. Dallas County officials have awarded a contract to a leading private child support enforcement contractor, Maximus, Inc., a company which was also selected by the State of Mississippi to operate its IV-D program. Maximus will monitor all new support orders issued in Dallas County's courts and take automatic and immediate enforcement action on any delinquency. This system will not use federal, state or local taxpayer dollars. Instead, the cost of running the program will come from a nominal monthly fee (about \$10) that will be collected from every non-custodial parent. If necessary, additional revenue to operate the program could be generated by "late payment penalties" imposed on delinquent obligors.

If this effort is successful in Dallas, and paying rates of 70 to 80 percent are achieved, as expected, there is no reason why this monitoring and enforcement program could not be replicated throughout the United States, using private child support enforcement businesses to operate the programs. For the federal government,

every case that can be handled effectively outside of the IV-D process means IV-D workers can spend more time on cases they already have, including AFDC cases that recoup federal and state government costs.]

- (10) Congress should require the creation of a permanent advisory committee to the federal Office of Child Support Enforcement (OCSE) to be named by the President and top Congressional leaders. Included on this advisory committee should be representatives from all interested sectors within the child support community, including state and local IV-D officials, custodial parents, private sector companies, and family law attorneys and judges.

The initial and immediate goal of this child support advisory committee should be a complete review of all current mandates of the IV-D program. These numerous mandates (including some which conflict), should be carefully reassessed and reconsidered in relation to available federal IV-D funding. Ongoing reassessment of IV-D program priorities should be a permanent responsibility of this advisory committee. In developing its recommended IV-D program priorities, the advisory committee should consider and identify ways in which non-IV-D governmental entities and private child support businesses can be fully integrated in a comprehensive national effort to improve the establishment and enforcement of child support obligations. This effort should include identifying all legal enforcement tools that are available to IV-D agencies and making available those that would be appropriate for use by non IV-D governmental entities, private attorneys and reputable child support collectors.

Finally, the advisory committee should work with OCSE officials to develop performance-based audits which provide assistance and direction to state and local IV-D programs in pursuing attainment of established IV-D program priorities.

CONCLUSION: A REASON FOR HOPE

In closing, rather than being discouraged by the present situation of a desperately overloaded IV-D child support system, and the declining availability of federal and state tax dollars, there are ways in which the nation's child support establishment and enforcement effort can be dramatically "reinvented" to achieve better results with less government resources. This will not occur overnight, and those who are without child support, as hard as it may be, will have to continue being patient.

However, the Child Support Council believes that its recommendations provide a realistic and fiscally responsible plan that, if enacted by Congress and implemented throughout the United States, will effectively address the underlying causes of the current child support enforcement system's marginal performance.

As noted throughout this testimony, the CSC does not believe the solution to the child support enforcement problem can come through efforts by IV-D agencies alone, or by the creation of new federal agencies or expanded federal bureaucracies, or through other efforts which rely exclusively on taxpayer funding, as some might advocate.

Instead, the CSC believes that solutions will come from a continually evolving cooperative venture between IV-D and non-IV-D state and local government agencies working together with private sector businesses and companies, such as those which are members of the CSC. Their combined resources, talent and penchant for innovation will one day bring about a comprehensive system of child support establishment and enforcement. In that system, each of these public and private entities will play an important and critical role in effectively, timely and economically serving all custodial parents and their children in receiving the support for which they have a legal and moral right.

Thank you, Mr. Chairman, and members, for this opportunity to present our views. We hope they are of help to you as you continue your efforts to solve the child support problem.

Current Listing of Member Companies of the
Child Support Council

(January, 1995)

Automatic Data Processing (ADP)
Roseland, New Jersey

Child Support Assistance Network, Inc.
Houston, Texas

CSE*Child Support Enforcement
Austin, Texas

Complete Equity Markets, Inc.
Wheeling, Illinois

Cummins-Allison Corporation
Indianapolis, Indiana

David M. Griffith & Associates, LTD.
Bay City, Michigan

Fairfax Identity Laboratories
Fairfax, Virginia

Genetic Design, Inc.
Greensboro, North Carolina

Grubbs, Laramey & Associates
Austin, Texas

Lockheed Information Management Services Co.
Los Angeles, California

MAXIMUS, Inc.
McLean, Virginia

Mediation Services
Chapel Hill, North Carolina

Network Six, Inc.
Warwick, Rhode Island

Roche Biomedical Laboratories, Inc.
Burlington, North Carolina

Service Design Associates
Indianapolis, Indiana

Technology Management Resources
Omaha, Nebraska

Unicom
Anchorage, Alaska

Chairman SHAW. Thank you, Mr. Grubbs.
Ms. Spalter-Roth.

**STATEMENT OF ROBERTA SPALTER-ROTH, DIRECTOR OF
RESEARCH, INSTITUTE FOR WOMEN'S POLICY RESEARCH**

Ms. SPALTER-ROTH. Good morning, Mr. Chairman and Members of the Committee.

I am Roberta Spalter-Roth and I am director of research at the Institute for Women's Policy Research, also known as IWPR. I thank you for the opportunity to testify here today. I want to say that I am just back from Iowa, where I talked to 200 workers and clients in Iowa's Family Investment Program. They are terrified that under block grants there will be a cutback in child care resources and that time-limited benefits will be detrimental to the success that the program they are running is starting to show.

For the last several years, the institute has been engaged in extensive research on the economic survival strategies of single mothers who receive AFDC. The data source we use for this is the U.S. Bureau of the Census' Survey of Income and Program Participation, a nationally representative survey designed to capture the labor force experience, job characteristics, earnings, family structure and sources of public and private income available to U.S. families and households. It traces a nationally representative sample of families through 2 years of their lives.

What I want to do today is briefly summarize the survival strategies used by single AFDC mothers, talk about what works to increase the likelihood that they will engage in paid employment, look at the kinds of jobs that they do hold, and then finally talk about what helps them to increase their earnings and their ability to escape poverty.

IWPR's major finding is that most welfare recipients are not pathologically dependent on welfare. Stereotypes of women sitting watching television all day are grossly exaggerated. The notion that people who work and people who receive welfare are two separate populations are grossly exaggerated. Our data show that single mothers use AFDC as a source of child support, as a subsidy for low-wage work, as a source of disability insurance, and a source of unemployment insurance.

Survival strategies: Our findings show that only one out of four AFDC mothers are totally dependent on AFDC. Most also combined their AFDC income with income from their own earnings and from the earnings and income of other family members.

The majority, 7 out of 10, participated in the labor force during the 2-year period. More than 4 out of 10 worked substantial hours, about 1,000 hours a year, which is about the average number of hours worked by all mothers. Mothers do not work full time full year. These women are working mothers' hours. Another 3 out of 10 spend substantial time, 6 months during the 2-year period, looking for work, but were not successful in finding work. An additional 1 out of 10 were disabled, probably waiting to get onto SSI.

So what we find is about 2 out of 10 during the 2-year period did not participate in the labor force. One-quarter of these, however, were students. As I say, it is a great exaggeration that these

are women who are not attached to the labor force and women who do not work.

The earnings of those women, the more than 4 out of 10 who did do substantial hours of work, contributed about a third of their family's income, and as a result of their work, their families' incomes were higher and the amount of AFDC they received was lower. Nonetheless, they are not able to bring their families out of poverty on the basis of their earnings or on the basis of AFDC alone. For these women, packaging AFDC and paid employment is a potential route to escaping poverty.

So what works to increase the likelihood that they will engage in paid employment? First, the ability to work: Being disabled hurts your ability to work. Second, the availability of jobs: Those recipients who lived in States with low unemployment rates were significantly more likely to work. Less need for expensive child care: Those women who did not have infants or toddlers were more likely to work. More education: Those women with high school diplomas and job training were more likely to work. And availability of other financial resources——

Chairman SHAW. Ms. Spalter-Roth, I am sorry to interrupt you here. The balance of your statement will be placed in the record.

Ms. SPALTER-ROTH. Thank you so much.

[The prepared statement and attachments follow:]

**TESTIMONY OF ROBERTA SPALTER-ROTH
INSTITUTE FOR WOMEN'S POLICY RESEARCH**

Good Afternoon Mr. Chairman and members of the Committee. My name is Roberta Spalter-Roth and I am Director of Research at the Institute for Women's Policy Research, also known as IWPR. I hold a Ph.D. in Sociology from the American University. Thank you for the opportunity to testify today.

For the last several years IWPR has been engaged in extensive research on the economic survival strategies of single mothers who receive AFDC. Our research uses data from the U.S. Bureau of the Census' Survey of Income and Program Participation, which is a panel survey especially designed to capture the labor force experience, job characteristics, earnings, family structure, and sources of public and private income available to U.S. families and households.

This study provides detailed information on the family situations of AFDC recipients, the factors that increase the likelihood that they engage in paid employment, the kinds of jobs they obtain, the factors that improve the prospects for obtaining better jobs, and the factors that increase their chances of escaping poverty.

IWPR findings show that most welfare recipients are not pathologically dependent on AFDC. The stereotypes of women who sit around all day watching TV, having children whom they fail to care for, and drawing welfare checks paid by hard-working Americans are greatly exaggerated. IWPR findings show that:

- o Only one out of four recipients is totally dependent on AFDC (and supplementary public assistance programs such as Food Stamps) for their family's income. In contrast, three out of four "package" AFDC income with earnings from their own employment, with the earnings and benefits of other family members (including child support), and with other resources. Those who do package income sources are more likely to escape poverty--with six out of 10 who package income from AFDC, their own earnings, and the income of other family members managing to bring their family's income to the poverty line (see Table 1).
- o The majority of recipients participate in the labor force over the two-year study period, though many cannot find work. Half of all single mothers who spend at least two months on AFDC during the two-year study period also work at paid employment during that period; with 20 percent combining paid work and AFDC in the same months, 23 percent cycling between work and AFDC, and another seven percent spending more time looking for work than actually working. In addition, 23 percent spend about six months looking for work although this period of job search does not result in paid employment, and seven percent have work preventing or limiting disabilities. Only one out of five recipients does not participate in the labor force at all during the two-year period, and about one out of four of these attend school (See Figure 1).

- o The earnings of mothers who obtain paid employment comprise one-third of their family's income package. These families have higher incomes (\$13,036 as compared to \$10,532 in 1990 dollars) and receive lower amounts of means-tested benefits (\$3,733 as compared to \$6,070 in 1990 dollars) than those who are more reliant on AFDC (see Figure 2). Those recipients who package paid employment and AFDC have incomes at 105 percent of the poverty line (including the cash value of Food Stamps and WIC) compared to those who are more reliant on AFDC (who have incomes at 80 percent of the poverty line--including the cash value of Food Stamps and WIC).

IWPR findings show that *packaging* AFDC with paid employment is necessary because neither the available employment nor AFDC alone provides enough income to raise families above poverty. Combining work and welfare can bring recipients' families to the poverty line.

Factors that Increase the Likelihood of Paid Employment

Why do some "welfare mothers" engage in paid employment while others do not? IWPR finds that the most significant factors in predicting whether an AFDC recipient will include paid employment in her family's income package are (see Table 2):

- o The recipients' actual ability to work, that is, not having a work-preventing disability (those with work-preventing disabilities are 17 percent less likely to work at paid employment);
- o The availability of jobs, that is, living in states with lower unemployment rates (those who live in states with unemployment rates of 10 percent or higher are seven percent less likely to work at paid employment while those who live in states with unemployment rates of 3.5 percent or below are nine percent more likely to work);
- o Less need for child care, that is, not having toddlers or infants or having only one child (those who have infants or toddlers are twelve percent less likely to work, while those who have only one child are two percent more likely to work);
- o The availability of family resources, that is having access to child support or earnings from other family members (those who receive child support are eight percent more likely to work and those who have access to income from other earners are five percent more likely to work);
- o The accumulation of greater amounts of human capital, including four years of past work experience, a high school diploma, and job training (these factors increase the likelihood of paid employment by 17 percent, 8 percent, and 9 percent, respectively).

Contrary to popular opinion, some factors are not significant in distinguishing between mothers who are employed and those who are not. These include: state benefit levels (those in states with higher than average state benefits are not significantly less likely to work); the mother's prior AFDC history (mothers who are repeat AFDC users are not significantly less likely to work); and the mother's race (African American recipients are not significantly less likely to work).

Available Jobs

What kind of jobs are available to those welfare mothers that engage in paid employment? IWPR research shows that the most striking characteristics of welfare mothers' jobs are that they are low-wage, unstable, and unlikely to provide health benefits:

- o Welfare mothers' primary jobs pay an average of \$4.29 per hour (in 1990 dollars). When they work, most work full-time at their primary jobs; about one-third work part-time. During the two-year period, they work an average of 1,903 hours during 29 full-time weeks and 17 part-time weeks (see Table 3).
- o Their employers provide health insurance coverage only one-third of the months they work (see Table 3).
- o Almost half of the packagers have more than one job during the two-year period (for an average of 1.7 jobs) and spend an average of 16 weeks looking for work (see Table 3). Despite their substantial hours of work, only 11 percent receive Unemployment Compensation when unemployed.
- o Among those who have more than one job, the second tends to pay less than the first (see Table 4). For those who work all 24 months, approximately half earn more at the end of the two-year period than at the beginning, while half earn less (See Table 5).
- o Work/welfare packagers tend to work in the lowest-wage women's occupations and industries: 39 percent of welfare mothers work in such service occupations as maids, cashiers, nursing aides, child care workers, and waitresses, contrasted with 11 percent of all women who work in these same occupations (see Table 6).
- o The top employers of welfare mothers are restaurants, bars, nursing homes, private households, hotels, department stores, hospitals, and temporary help services firms; such businesses employ two-fifths of welfare mothers but only about one-fifth of all women (see Table 6).

These findings imply that if work is to be an improvement over welfare and produce a higher standard of living, then the quality of jobs and earnings obtained will need to be improved.

Increasing the Ability to Escape Poverty

According to IWPR findings there are methods that can increase the job quality and earnings for this population. These methods include: increasing human capital, increasing job availability and stability, and increasing coverage by union contracts. These methods, along with other factors (primarily income from other family members), increase the ability of welfare mothers and their families to escape poverty.

IWPR finds that stable jobs, more human capital, union membership, and access to means and non-means tested benefits increase the chances of escaping poverty for those without family resources (see Table 7):

- o Among all work/welfare packagers, the more months during which a mother pools income with other family members, the more likely the mother is to escape poverty. Mothers who have access to income from family members for all 24 months increase their chances of escaping poverty from 11 to 86 percent.
- o For the 57 percent of working mothers who lack family resources, earnings from employment become a more important ingredient of an anti-poverty strategy. Of primary importance to packagers in nuclear families is job volatility (the number of times they start and stop jobs). Regardless of the reasons for job loss, the more times the mother starts and stops working, the more likely she is to be poor.
- o Mothers whose jobs are covered by union contracts are much more likely to escape poverty. Union coverage increases the chances of having an income above the poverty line from 11 percent to 39 percent.
- o Workers with a high school education and private job training are more likely to escape poverty. The effect of federal job training is insignificant. Although previous work experience is significant, mothers need **10** years of work experience to increase their chances of leaving poverty to 18 percent (from 11 percent).
- o Work/welfare packagers are better off when they live in states with higher AFDC benefits (raising the chances of escaping poverty from 11 to 17 percent) and when they receive non means-tested benefits, such as unemployment compensation, social security, or workers' compensation (increasing the chances of escaping poverty from 11 percent to 26 percent).

A major goal of all current welfare reform proposals is to move single mothers, and their children, off the AFDC rolls by mandating their participation in the work force. IWPR's research demonstrates that if this effort is to be successful--if it is to avoid the further impoverishment of poor mothers and their children and the further frustration of taxpayers over another failed program--policymakers must pay attention to what works. Without attention to these results, efforts to reform welfare will not result in increased labor force participation and higher incomes.

There is no "magic bullet," no simple or inexpensive way to make welfare mothers self-sufficient over the long term. IWPR findings show that recipients use AFDC in many ways: to supplement their low-wage work effort and to provide a safety net during periods of unemployment, disability, and family crises. All of these reasons for using AFDC must be considered in any successful reform effort. Rather than focus on time limits, policy action should focus on fostering increased education and job training, ensuring that there are enough jobs for all, and reforming the low-wage labor market. Improving the stability and pay of jobs at the low-end of the labor market, increasing the ability to qualify for Unemployment Compensation, and improving the ability of workers to organize and bargain collectively, as well as increasing access to unionized jobs for welfare mothers, would all help make welfare reform a success.

NOTE: The following tables and figures are excerpted from the forthcoming report, "Welfare That Works: The Working Lives of AFDC Recipients," by Roberta Spalter-Roth, Beverly Burr, Heidi Hartmann, and Lois Shaw. Washington, D.C.: Institute for Women's Policy Research.

Table 1. Types and Impact of Income Packages Among AFDC Recipients (1)
(24-month study period)

	Total Number	AFDC Only (2)	Family and AFDC (3)	With Employment (4)		
				All	Employment and AFDC only	Employment, Family, and AFDC
Total.....	2,797,285	732,335	865,995	1,198,955	484,511	714,444
As percent of total.....	100%	26%	31%	43%	17%	26%
Total in poverty (5).....	2,027,494	716,937	634,878	675,679	372,565	303,114
Percent in poverty (5).....	72%	98%	73%	56%	77%	42%

(1) To be included in this study of AFDC recipients, a woman must receive AFDC for at least 2 months out of the 24-month study period and be single for at least 12 out of 24 months.

(2) In this table, "AFDC Only" is a shorthand label which also includes receipt of Food Stamps, Medicaid, and other non-cash and cash means-tested benefits (such as housing assistance), but does not include any other substantial source of income.

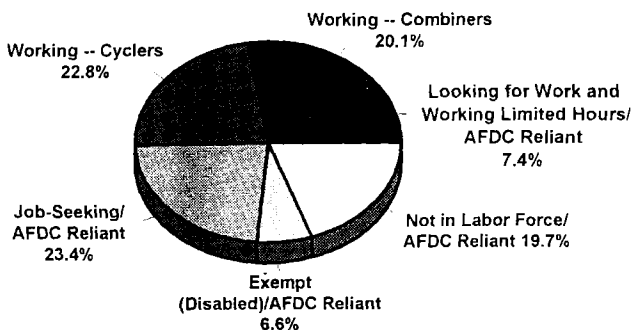
(3) In order to be included in this category, recipients must live with relatives contributing \$1,500 in income over the 24-month study period.

(4) In order to be considered employed, a welfare recipient must work at least 300 hours over the 24-month study period.

(5) "In Poverty" means that, on average, over the 24-month study period the family's income falls below the federal poverty standard for families of their composition and size (families may be above the poverty level in some months but below it in others). In this table, we use a modified methodology and count as income the cash value of Food Stamps and WIC in determining whether the family income exceeds the federal poverty standard.

Source: IWPR calculations based on the Survey of Income and Program Participation, 1984-1988.

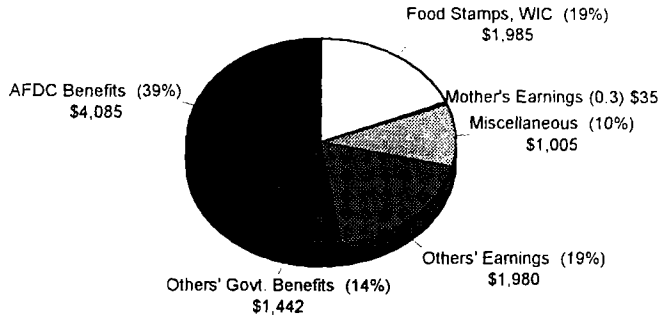
Figure 1.
Welfare Mothers Grouped by Labor Force Activity
(24-month study period)



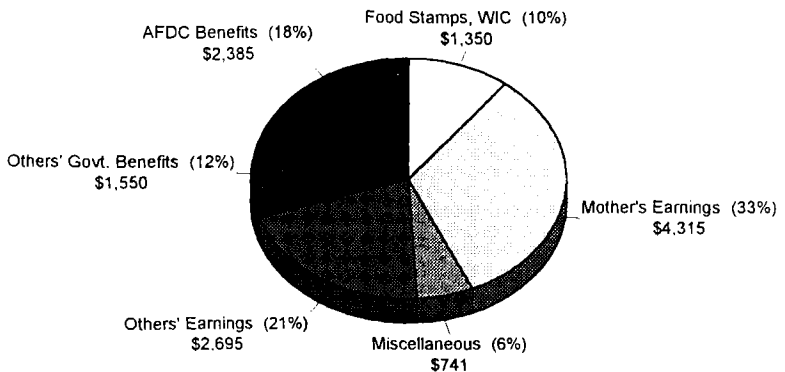
Source: IWPR calculations based on the Survey of Income and Program Participation, 1984-1988.

Figure 2. Annual Income Packages (in 1990 dollars)

Welfare Reliants Annual Family Income = \$10,532



Work/Welfare Packagers Annual Family Income = \$13,036



Source: IWPR calculations based on the Survey of Income and Program Participation, 1984-1988.

Table 2. Factors Affecting Work/Welfare Packaging (1)

Scenario	Work Welfare Packaging Probability
Baseline	20%
No work experience	
High school dropout	
No job training (federal or private)	
Average number of children (2)	
No infants or children under two	
No other adult(s) or child support	
No public or publicly assisted housing	
No additional means-tested benefits	
Average welfare benefit per person per month (\$130)	
Average state unemployment rate (6.7%)	
Average job search (15 weeks)	
Average age (29)	
White	
Able-bodied	
Worst Case Scenarios	
1) Work-preventing disability and receipt of SSI	2%
2) Additional child, high unemployment rate, and infant or toddler	7%
Best Case Scenarios	
1) High school graduate with federal job training	39%
2) Experienced (4 years) HS graduate with job training	61%
3) Experienced (4 years) HS graduate with job training and family resources (non-working adults at home, other earners, and child support)	80%
Worsening The Baseline Situation	
Work-preventing disability	3%
Has infants or toddlers	12%
High (10%) unemployment rate	13%
Publicly assisted housing resident	13%
One additional child	18%
Improving the Baseline Situation	
Only one child	22%
Another earner in household	25%
Private job training	26%
Completes high school	28%
Federal job training	29%
Low unemployment rate (3.5%)	29%
Child support recipient	32%
Gets married	33%
Has one year work experience	33%
Has average work experience (4 yrs.)	37%
Insignificant Results (2)	
Public housing resident	15%
Repeat welfare recipient	15%
Hispanic (3)	16%
High state welfare benefits (\$200)	17%
African American	19%
Job search effort (52 weeks looking)	19%
Work-limiting disability	20%
Non-working adult(s) at home	22%
Other race	23%
Student	23%

(1) Based on logistic regression analysis; see the full report for complete model and results.

(2) Results which did not reach the 10 percent significance level.

(3) Hispanics may be of any race and are not included here in the white or African American groups.

Source: IWPR calculations based on the Survey of Income and Program Participation, 1984-1988.

Table 3. Work/Welfare Packagers: Work Patterns, Occupations, and Health Insurance (24-month study period)

Characteristic	Total	Cyclers	Combiners
Population	1,198,955	636,626	562,329
Sample	502	275	227
Work Behavior			
Number of jobs during survey	1.7	1.6	1.7
Number of employment spell transitions	2.3	2.2	2.4
Total hours worked	1903	1722	2108
Average weekly hours in weeks worked	34	36	31
Average monthly hours in months worked	137	145	129
Months worked	13	11	15
Weeks in the labor force	70	64	76
Weeks with paid employment	54	47	62
Weeks unemployed	16	17	14
Weeks employed at primary job (1)	46	41	53
Full-time weeks worked at primary job (1)	29	30	29
Part-time weeks worked at primary job (1)	17	11	24
Hourly wage in primary job (in 1990 \$) (1)	\$4.29	\$4.51	\$4.03
Total earnings in primary job (in 1990 \$) (1)	\$7,366	\$7,353	\$7,380
Occupation of Primary Job (1) (percent distribution)			
Managerial and executive	2.7	3.3	2.0
Professional	3.1	1.7	4.7
Technician	0.9	1.2	0.6
Sales and related	12.5	15.1	9.6
Cashier	7.6	9.3	5.6
Administrative support and clerical	15.9	17.6	13.9
Service	39.7	30.9	49.6
Food service	11.5	7.4	16.2
Cleaning service	8.5	7.3	10.0
Personal service	9.7	5.4	14.6
Other service	9.9	10.8	8.8
Farming, forestry and fishing	1.3	0.7	2.0
Precision production, craft and repair	3.8	4.6	2.8
Operators, handlers and laborers	20.2	24.9	14.8
Total	100.0	100.0	100.0
Health Insurance			
Months with health coverage	20.0	18.4	21.9
Months with employer coverage	3.6	4.2	3.0
Working months with Medicaid	6.4	3.2	9.9
Working months with Medicaid and employer h.i.	0.6	0.2	1.0
Working months with employer coverage	2.9	3.8	1.9
Working months with no coverage	3.2	4.2	2.0

(1) Primary job is the job at which the AFDC mother worked the longest hours.

Source: IWPR calculations based on the Survey of Income and Program Participation, 1984-1988.

Table 4. Characteristics of Work/Welfare Packagers' Jobs
(24-month study period, 1990 dollars)

Characteristics	Number of Jobs Held During Survey			
	One	Two	Three	Four +
Population	674,472	318,722	131,845	72,003
As % of population	56%	27%	11%	6%
Sample	278	135	58	31
FIRST JOB				
Hourly wage	\$4.33	\$4.28	\$4.46	\$4.66
Weeks employed	52	34	24	14
Percent predominantly part-time	31%	44%	36%	67%
Average hours per week worked	33	31	31	28
SECOND JOB				
Hourly wage		\$4.21	\$3.87	\$3.45
Weeks employed		26	15	17
Percent predominantly part-time		39%	43%	42%
Average hours per week worked		32	31	30
THIRD JOB				
Hourly wage			\$4.32	\$4.24
Weeks employed			19	17
Percent predominantly part-time			32%	41%
Average hours per week worked			34	30
FOURTH + JOB				
Hourly wage				\$4.23
Weeks employed				15
Percent predominantly part-time				44%
Average hours per week worked				37

Source: IWPR calculations based on the Survey of Income and Program Participation, 1984-1988

Table 5. All Workers: Earnings Mobility
(24-month study period)

	Number of Months Between First and Last Month Worked						
	ALL	0-3	4-7	8-11	12-15	16-19	20-24
Worker (1) population	1,405,402	304,263	206,918	141,861	137,155	166,229	448,977
As % of population	100%	22%	15%	10%	10%	12%	32%
Real Hourly Wage Growth (2) (percent distribution)							
Wage gains	51	22	65	62	69	59	51
Wage losses	41	39	35	38	31	39	49
No difference	9	39	0	0	0	2	0
Total	101	100	100	100	100	100	100
Real Earnings Growth (2) (percent distribution)							
Earnings gains	53	20	54	60	69	66	63
Earnings losses	38	38	46	40	31	34	37
No difference	9	42	0	0	0	0	0
Total	100	100	100	100	100	100	100

(1) This table includes all AFDC mothers who work, including those who worked limited hours (fewer than 300 hours) over the 24-month study period.

(2) Wage and earnings growth were calculated in constant dollars.

Source: IWPR calculations based on the Survey of Income and Program Participation, 1984-1988.

Table 6. Work/Welfare Packagers: Most Common Occupations and Industries of Primary Jobs (1)
(24-month study period)

OCCUPATIONS		INDUSTRIES	
Domestic workers	9.8%	Restaurants and bars	11.5%
Cashiers	7.6%	Nursing homes	7.2%
Nursing aides	7.6%	Private households	6.9%
Child care workers	6.7%	Hotels and motels	4.0%
Wait persons	5.1%	Department stores	3.8%
Machine operators	4.6%	Hospitals	3.7%
Cooks	3.6%	Temporary help services firms	3.5%
Retail sales workers	3.0%	Grocery stores	2.6%
Secretaries	2.3%	Day care services	2.3%
Textile sewing machine operators	2.1%	Apparel	2.2%
Laborers	1.8%	Meat packing	1.9%
Receptionists	1.8%	Colleges and universities	1.6%
Typists	1.4%	Agriculture services	1.5%
Assemblers	1.4%		
Food counter jobs	1.3%		
Teachers' aides	1.3%		
File clerks	1.2%		
All listed	62.4%		52.7%

(1) Primary job is the job at which the AFDC mother worked the longest hours.

Source: IWPR calculations based on the Survey of Income and Program Participation,

Table 7. Factors Affecting Work/Welfare Packager's Poverty Status (1)

Scenario	Probability of Living Above Poverty
Baseline	11
Two years work experience	
No high school diploma	
No job training (federal or private)	
Average number of children (2)	
No other adults in household or child support	
No means-tested benefits	
No non-means tested benefits	
Average welfare benefit per person per month (\$129)	
Average state unemployment rate (6.6%)	
White	
Able-bodied	
Worsening the Baseline	
One additional child	5
African American	5
High unemployment rate (10%)	6
High job volatility (four transitions)	8
Improving the Baseline	
Low job volatility (one transition)	13
High welfare benefit per person per month (\$195)	17
10 years work experience	18
Only one child	22
Non-means tested cash benefits	26
Private job training	26
Completed high school	31
Union coverage	39
Income from other family members	
12 months	47
24 months	86
Worst Case Scenarios	
African American, high unemployment, and unstable work	2
High unemployment, low AFDC benefits (\$75 per person per month), and unstable work	3
High unemployment and unstable work	4
Best Case Scenarios	
High school diploma, stable work	36
High school diploma, private job training	56
High school diploma, other family income for 12 months	76
High school diploma, other family income all 24 months	96
Insignificant Results (2)	
Infants or toddlers	8
Federal job training	11
Non-working adults in home	11
Self-Employed	17

(1) Based on logistic regression results; see the full report for complete model and results.

(2) Results which did not reach the 10 percent significance level.

Source: IWPR calculations based on the Survey of Income and Program Participation, 1984-1988.

Chairman SHAW. Ms. Pearce.

STATEMENT OF DIANA M. PEARCE, PH.D., DIRECTOR, WOMEN AND POVERTY PROJECT, WIDER OPPORTUNITIES FOR WOMEN

Ms. PEARCE. Thank you for this opportunity to address the Committee. I come wearing several hats, so to speak. I come as a Ph.D. researcher and one-time professor with a long-time interest and expertise in the area of women's poverty. I come representing Wider Opportunities for Women, a 30-year-old national organization located here in Washington which runs training programs to prepare women, mostly black and Hispanic, mostly welfare mothers, for nontraditional jobs and carries out welfare employment demonstrations nationally.

Third, I come as a representative of the Practitioners Panel, a group of women who have run training employment programs for low-income women, many of them welfare mothers for many years, in different sites across the country. We have developed an alternative welfare reform proposal crafted out of their experiences.

I would like to begin with one welfare recipient, drawing from it the lessons that have shaped the practitioners' proposal which we call the Act for Family Development Independence. Before I do so, I would like to acknowledge the presence of our current group of trainees who helped contribute to this testimony as part of their citizenship education.

Cathy, not her real name, was one of WOW's trainees this past fall. Cathy got her first job during 8th grade working at McDonald's part time. After 3 years, she became assistant manager. Then before her senior year, she took a course in data entry and began working part time. She graduated from high school, but then was laid off from her job. The next year, she had her first child and went on welfare at the age of 19.

The following year she had her second daughter and began working part time at Toys R Us. The next year, Cathy left welfare, taking a full-time job with a security firm where she stayed for 4 years. When she was laid off, she received unemployment and then worked for a short time for a gift shop and was again laid off. This time when her unemployment ran out, she turned to welfare again and moved into public housing.

Two years later, she enrolled in WOW's training program, where she improved her academic skills, as well as received job skill training. She is now working as a carpenter's assistant doing housing rehabilitation earning about \$8 per hour to start. As she gains skill and experience, her wages will rise, with journeymen's wages topping \$20 per hour.

Cathy's experiences are typical of our trainees and welfare recipients in general in three ways. As with many welfare recipients, the jobs Cathy held were short term and dead end. In research done for the Department of Labor by myself, I found that the typical low-wage job lasts an average of 1.75 years, and that average varies little by race or gender and seems characteristic of low-wage jobs.

Second, as with many welfare recipients, Cathy turned to welfare more than once. Again, in the research that I did for the Depart-

ment of Labor, I found that low-wage employment experience is different for men compared to women, what I call the chutes and ladders. For men, low-wage jobs are more likely to be the bottom rungs on ladders, lead to better paying jobs. For women, low-wage jobs are more often chutes, sending women back into poverty, unemployment and a return to welfare when they end, just as happened with Cathy.

Likewise, research found that two-thirds of those who leave welfare for employment return, the majority within 2 years. As with many welfare recipients, Cathy's wages did not improve with time. Without intervention, women who try to leave welfare find they move from job to job, but do not improve.

Gary Burtless of the Brookings Institute found that women in their twenties who experience at least 1 year of AFDC increase their wages over the course of that decade by only 1 percent per year, compared to 6 percent per year for those who were not welfare dependent.

While welfare mothers work more than ever before, they are finding it harder than ever to find the jobs and keep the jobs that permit them to support their families and stay off of welfare.

Finally, as with many welfare recipients, Cathy's academic skills were quite limited, though she had completed high school. As is true with all trainees that WOW serves, her basic skill levels were below the sixth grade. Burtless found that one-half of women in their twenties who are dependent on welfare finish high school, but 70 percent score in the bottom quartile of the Armed Forces Qualifying Test. What is different, of course, about Cathy's experience is she participated in a program designed to address her needs for both academic and job skills. Called functional context literacy, this approach teaches academic skills in the context of job specific skills, and it works.

Cathy's experience is also exceptional in another sense. She both had her first child and went on welfare as a teenager. Our concern with the difficulties faced by very young women having children is we have slid into some serious misconceptions about the nature of the AFDC caseload. Only about 8 percent of welfare mothers are teen mothers, and the average age of welfare mothers is 29 years. About 3 out of 4 welfare mothers first applied for public assistance at the age of 20 or higher, one-half are 25 or higher.

Chairman SHAW. I am sorry, as with the speaker before you, I am going to have to cut you off here. The balance of your testimony will be made a part of the record.

Ms. PEARCE. Could I do one last paragraph?

Chairman SHAW. Pardon?

Ms. PEARCE. One last paragraph?

Chairman SHAW. One last paragraph.

Ms. PEARCE. Thank you.

The Act for Family Development Independence, which I have in a flow chart here, focuses on insuring permanent moves off welfare in a 2-year timeframe for most families. This is accomplished through up front assessment of the needs of the whole family, both adults and children, and provision of those services that are appropriate to individual families. Because the focus is on outcomes and the achievement of family self-sufficiency, the States have substan-

tial flexibility on how they achieve this outcome, in light of local economic and other conditions. At the same time, the AFDI meets the needs of a diverse caseload, including teen parents, with a special program.

Finally, AFDI recognizes that in order to make the transition to employment or avoid leaving employment for welfare, many need a transitional support program that provides child care and health care to those whose employment does not provide benefits and/or wages adequate to secure these basic necessities. Altogether, the AFDI provides a win, win, win program by transitioning welfare recipients into the work force. They win by becoming economically self-sufficient. The system wins by becoming successful, and the public wins because families have become more responsible for themselves and the burden on the public has been lessened.

Thank you.

[The prepared statement and attachments follow:]

TESTIMONY OF DIANA PEARCE WIDER OPPORTUNITIES FOR WOMEN

Thank you for this opportunity to address the Ways and Means Committee at this critical juncture. I come wearing several hats, so to speak: I come as a Ph.D. researcher and one-time professor with a longtime interest and expertise in the area of women's poverty. I come representing Wider Opportunities for Women, a 30-year old national organization located here in Washington. WOW runs training programs that prepare women, mostly black and Hispanic welfare mothers, for nontraditional jobs and carries out welfare employment demonstrations nationally. And, I come as the representative of the Practitioners Panel--a group of women who have run training and employment programs for low income women, many of them welfare mothers, for many years--who have developed an alternative welfare reform proposal crafted out of their experiences.

I would like to begin with a story of one welfare recipient, drawing from it the lessons that have shaped the practitioners' proposal, which we call the Act for Family Development and Independence. But before I do so, I would like to acknowledge the presence of our current group of trainees, who helped write this testimony.

Cathy (not her real name) was one of WOW's trainees this past fall (1994). Cathy got her first job during 8th grade, working at McDonald's part-time; after three years, she had become assistant manager. Then, before her senior year in high school, she took a training school course in data entry, and began working part-time for a data entry company. She graduated from high school, but was laid off from her job. The next year she had her first child, and went on welfare at the age of 19. The following year she had her second daughter and began working part-time at Toys"R"Us. The next year Cathy left welfare, taking a full-time job with a security firm, where she stayed for four years. When she was laid off, she received unemployment benefits, and then worked for a short time for a gift shop, and she was again laid off. This time, when her unemployment benefits ran out, she turned to welfare again, and moved into public housing. Two years later, she enrolled in W.O.W.'s training program, where she improved her academic skills as well as received job skills training. She is now working as a carpenter's assistant doing housing rehabilitation, earning about \$8.00 per hour to start. As she gains skill and experience, her wages will rise, with journeyman's wages topping \$20.00 per hour.

Cathy's experiences are typical of our trainees, and welfare recipients in general, in three ways:

1. As with many welfare recipients, the jobs Cathy held were short term, and deadend, ending in layoffs. In research done for the Department of Labor in 1989, I found that the typical low-wage job lasts an average of 1.75 years, and that average varies little by race or gender, but seems to be a characteristic of these jobs.
2. As with many welfare recipients, Cathy turned to welfare more than once, when she lost her jobs and had exhausted other supports. Indeed, in the research that I did for the Department of Labor, I found that the low-wage employment experience is different for men compared to women, what I call the "chutes and ladders" pattern. While for men low-wage jobs are more likely to be the bottom rungs on "ladders" leading to better-paying jobs, for women low-wage jobs are more often "chutes", sending women back into poverty, unemployment and/or a return to welfare when they end, just as happened with Cathy. Likewise, research by Pavetti found that two-thirds of those who leave welfare for employment return, the majority within two years.
3. As with many welfare recipients, Cathy's wages did not improve over time. Many studies have documented this phenomenon: without intervention, women who try to leave welfare for employment often find that as they move from job to job, and on and off welfare, their prospects do not improve. As documented by Gary Burtless, women in their twenties who experienced at least one year of AFDC receipt, increased their wages over the course of that decade by only about 1% per year (compared to 6% for comparable young women who had not been welfare dependent). And, all indications

are that while welfare mothers work more than ever before*, they are finding it harder than ever before to find the kind of jobs that pay enough wages, provide the necessary benefits, and last long enough to permit them to successfully and permanently leave welfare.

4. As with many welfare recipients, Cathy's academic skills were quite limited, even though she has completed high school. (As is true of all the trainees WOW serves, her basic skill levels were below the 6th grade). Burtless found that although one-half of women in their mid-twenties who are dependent on welfare have finished high school, 70% score in the bottom quartile of the AFQT (Armed Forces Qualifying Test) for their age group.

What is different of course about Cathy's experience, is that she participated in a program designed to address her need for both improved academic skills *and* job-specific skills. Modelled on the CET Program in San Jose and others', WOW's program improves trainees' academic skills in the course of teaching job skills. Called **functional context literacy**, this approach teaches academic skills in the context of job-specific skills. Thus for example, math skills--such as fractions and triangles--are learned in the course of learning carpentry skills.

Cathy's experience is also exceptional in another sense: she both had her first child and went on welfare as a teenager. In our concern with the difficulties faced by very young women having children, we have slid into some serious misconceptions about the nature of the AFDC caseload:

- o Only about 8% of welfare mothers are teen mothers, and less than 2% are under the age of 18. The average age of welfare mothers is 29 years, meaning that half of welfare mothers are 30 or older.
- o Approximately three out of four welfare mothers first apply for public assistance at the age of 20 or higher, and one-half are 25 or older when they first apply. Indeed, because 80% of single teen mothers live with relatives, mostly their parents, becoming a teen mother is not at all synonymous with welfare receipt--only 30% of teen mothers go on welfare within three years of their child's birth.
- o Teen mothers are a shrinking proportion of all mothers--down from one of six mothers in 1970 to one of eight mothers in 1990, and a shrinking proportion of unmarried women giving birth (down from 50% in 1970 to 30% in 1990). Indeed, the absolute number of births to teen mothers in 1991 is less than in 1970 or 1980.

In short, women on welfare, as well as all women, are having fewer children, are having them later, and are marrying less. What this means is that we need to conceive of welfare programs as serving women who mostly come onto welfare not as teen mothers, but as women in their twenties, many with substantial low wage labor force experience, and many with previous stints on welfare (About half of welfare applicants are re-applicants).

Drawing from the experiences of Cathy and literally thousands of other trainees like her, practitioners from programs from across the country developed the Act for Family Development and Independence (the AFDI). I will discuss today the four key elements of this proposal, which are outlined in this testimony, and are summarized in the flow chart that is attached.

1. Using a two generation approach, the AFDI creates a welfare system that provides comprehensive services, according to individual Family Development Plans, that transition welfare recipients into the workforce on a two-year timeframe.

We must break the cycle of poverty, and to do so requires strong families. Almost all mothers on welfare want to be both good parents and good workers, yet all too many of them are forced to make terrible choices between those two goals. For example, increasingly, they must decide whether to work without health care coverage--risking their children's health or their own if they get sick--or not work in order to be eligible for Medicaid. (Medicaid is supposed

* In 1979, welfare mothers earned about one-fourth of their "potential" earnings (the earnings they would have had, had they worked full-time, year-round); by 1991, working welfare mothers earned three-fourths of their potential. Burtless, p. 13.

to continue for those who leave welfare for a job, but only for one year, and not all receive it). Clearly, any program that sacrifices the next generation, e.g., by forcing mothers to leave children in poor child care or without proper medical care, will quickly fail both generations.

Welfare recipients represent a wide range of needs. Not all need training and education before entering the workforce. At the same time, for the 17-year-old high school dropout with limited literacy, a small child, and only low-wage work experience, it does not take three weeks of job search to find out that she is unlikely to find a job that will get her off welfare successfully. As with Cathy and countless others, she will eventually find employment, but it is unlikely to last, and it is unlikely to result in enough acquisition of skills and work experience to lead to better-paying jobs.

Thus, our Act for Family Development and Independence requires that all recipients participate in an upfront comprehensive assessment of their family and individual needs. This assessment includes career counseling about occupations that could lead to self-sufficiency for the mother and her family. Unless women are given real information about a range of occupational alternatives, including nontraditional jobs and careers available through post-secondary education, most will end up in traditionally female jobs, many of which are overcrowded, underpaid, and short term.

Imposing a "work first" or "upfront job search" requirement on all recipients is a one-size-fits-all approach that is no more appropriate to a diverse caseload than mandating that *all* recipients receive education and training. As with all simple solutions, such an approach works for some but not others, and imposes costs. Pushing recipients who clearly are not competitive into the job market without skills also runs the danger of creating failure experiences that make later success more difficult for the recipient, or anyone else, to achieve.

At a minimum, careful assessment of the recipients' past history provides a means of determining what each recipient needs to make a successful exit from welfare. If the recipient, as with most recipients, has already tried the "work first" strategy on her own, that is, if she has already been employed and been unable to meet her family's needs, and has returned to welfare, she clearly requires either services (e.g., help with securing or paying for child care), and/or increased skills in order to achieve economic self-sufficiency and an exit from welfare.

For the majority of recipients whose basic skills need improvement (more than 60%)-- and those with a history of repeated, low-wage, low-skill work (again the majority)-- permanent transition from welfare will require public investment in training for nontraditional or other well-paid jobs; basic skills enhancement; and targeted on-the-job or work experience opportunities in occupations where living wage employment and benefits can be attained. Among the practitioners who crafted the Act for Family Development and Independence are numerous examples of programs which have accomplished this kind of transition. The Wall Street Journal article accompanying this testimony documents one of them. Lessons from locales which have successfully implemented the Nontraditional Employment for Women Act in JTPA can illustrate the types of career counseling, access to training, employer involvement, and systemic changes that can achieve permanent transitions off welfare. Each of these processes are essential to ensure success for women entering not only nontraditional, but more traditional employment that pays self-sufficient wages.

At the same time, practitioners believe that having a time structure, with deadlines, goals, and timetables--but not time limits--works to increase the speed and effectiveness of recipients' moving from welfare to self-sufficient work, whether that path is indirect (through education or training), or directly into the workforce.

In concentrating on the issue of moving recipients into the workforce, the issue of child care has been neglected. While child care may be available free or at low cost to some (via friends, relatives, or neighbors), most of those who had such child care available have already availed themselves of it. As we consider moving welfare mothers with very young children into the labor force, the issues of cost, availability, and infrastructure will become even greater barriers than they are today. It is worth repeating that most states have waiting lists (or would

have, if they kept them) of women on welfare whose only barrier to entering employment, or education/training leading to employment, is the lack of child care. In the District, the shortage of resources to meet the demand for child care leads to rationing that results in frustrating waits, complicated (and unnecessary) requirements, and/or inadequate care.

What is needed is a simple, comprehensive system of child care that allows a mother to enter training or employment, knowing that her child is well and dependably taken care of while she is away. This would be a system that did not change requirements as the mother's status changes, but instead helps smooth the transition from welfare to work for both mother and child. In short, we need seamless child care.

2. Performance Standards

Not only welfare recipients, but welfare workers, respond to incentives and sanctions. While there has been much talk about changing the "culture" of the welfare office, and reorienting the bureaucracy, nothing will really change until the incentive system changes. Simply put, welfare workers are rewarded for not making errors in writing checks, period. If a welfare worker helps a recipient secure child care, get into a training program, or get a job, she not only gets no reward, she risks making an error. For example, providing transitional child care to a recipient leaving welfare for work means filling out forms, obtaining reimbursements--and risk making an error. If she does nothing, however, there is no risk of error.

In an analysis I did of the operation of performance standards in JTPA, I found that these standards drove the training programs: requirements that a percentage of participants be placed in jobs, with certain average wages, for a minimum amount of time, resulted in most JTPA providers achieving those standards. *Lacking JTPA-type outcome-based standards, welfare training and job placement programs will continue to fail to adequately serve many recipients.* Performance standards are a key element in any welfare reform, guaranteeing accountability for public funds and to program clients.

At a minimum, performance standards should address the quantity of jobs obtained (the job placement rate), and the quality of jobs, specifying minimum and average wage levels, job retention, and job quality in terms of benefits. To prevent creaming, performance standards should take into account the different needs, abilities, and barriers among participants, and local economic conditions, without permitting such circumstances to become rationales for low-level performance. Performance standards should also take into account overall program performance, rewarding those which successfully place a high proportion of participants, and sanctioning programs (but holding harmless individuals) which perform at substandard levels.

Program 3. Transitional Support

Leaving welfare for employment puts many recipients out on a limb in terms of their family's security. Many of the first jobs obtained by recipients, even with training, do not provide sufficient wages nor benefits. Until earnings are sufficient to meet basic needs, recipients should be able to retain partial benefits as well as noncash benefits. Likewise, it is essential that child care and health care be provided recipients who leave welfare for employment. Furthermore, these benefits should be provided for as long as they are needed, on a sliding scale fee basis, rather than for an arbitrary period of time (one year at present). Bureaucratic barriers to receiving these benefits should be removed. In addition, these transitional benefits should be made available to those "at risk" of going on, or returning to welfare, because their jobs lack health care benefits or their wages are too low to afford child care. (The latter is partially provided now through the "At Risk" Child Care Program, but does not reach the many parents who need it, and who could thereby be prevented from going on/returning to welfare).

4. Teen Parent Program

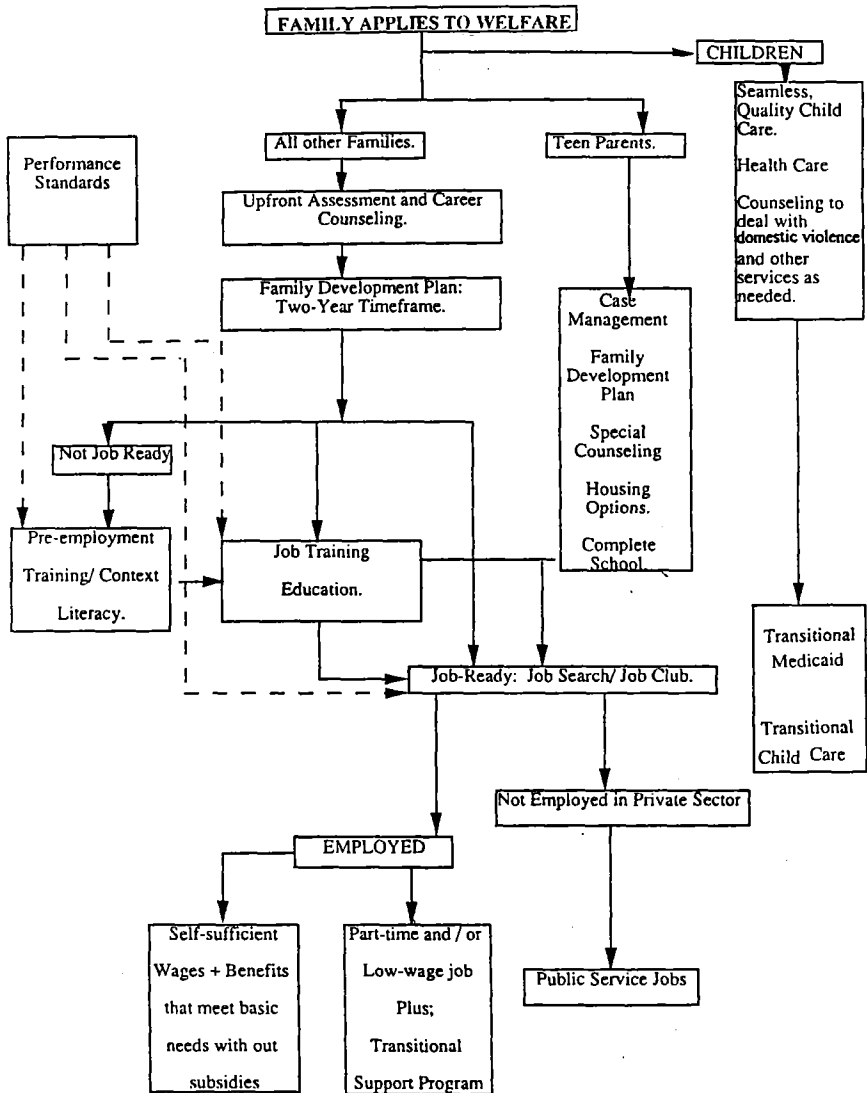
A great deal of attention has been paid to the need to address and prevent teen parenting. As I noted earlier, this focus is somewhat skewed in the current welfare debate, given the real proportion of teen mothers on welfare. However, though their numbers may be (relatively) small, there is no question that teen mothers on welfare have special needs.

In the experience of practioners, teen parents require a more structured and supportive program than that provided for adult recipients. Such a program would work quickly with teen parents who come on to welfare to assess their needs, developing comprehensive plans to determine their needs for services, as well as their children's needs. At the same time, the program must be geared to their special needs. Since a majority of teen parents have been the victims of abuse or incest as children, special support groups, mentoring programs, appropriate housing alternatives (if living with parents is not appropriate or available), and counseling related to childhood abuse and sexual violence should be provided as needed. AFDI would thus work to both ease the transition into the workforce of welfare mothers, and to prevent low-income mothers from having to turn to welfare when they could stay employed with the aid of transitional support program. Early identification of pregnant mothers should begin in the schools and every effort should be made to sustain young mothers in regular education programs, enriched with parenting and child development programs.

CONCLUSION

The Act for Family Development and Independence we propose to you focuses on ensuring permanent moves off welfare, in a two-year timeframe for most families. This is accomplished through upfront assessment of the needs of the whole family, both adults and children, and provision of those services that are appropriate to individual families. Because the focus is on outcomes—the achievement of family self-sufficiency—the states have substantial flexibility on how they achieve this outcome in light of local economic and other conditions. At the same time, the AFDI meets the need of a diverse caseload, including teen parents, those who are ready to immediately enter the workforce, those who need substantial education and/or training, and those who are in-between. Finally, the AFDI recognizes that in order to make the transition to employment, or avoid leaving employment for welfare, many need a Transitional Support Program that provides child care and health care to those whose employment does not provide benefits and/or wages adequate to secure these basic necessities. Altogether, the AFDI provides a "win-win-win" program: by transitioning welfare recipients into the workforce, they "win" by becoming economically self-sufficient, the system "wins" by becoming successful, and the public "wins" because families have become more responsible for themselves and the burden on the public has been lessened.

**FLOW CHART: MOVING FROM WELFARE TO THE WORKPLACE
VIA THE ACT FOR FAMILY DEVELOPMENT AND INDEPENDENCE**





About the Women and Poverty Project

The Women and Poverty Project seeks to be a voice for, and with, poor women, raising their needs in public debates, analyzing economic and social trends for their impact on low-income women, delineating specific policy proposals, and seeking their implementation. It works on its own, but more commonly in coalition with other organizations, to develop agendas and seek their adoption. Its activities range from Congressional testimony, public information activities, linking local and state groups with resources, and providing information and analysis to the media, public policymakers, legislators, and advocate organizations. Through all these activities, WAPP seeks to bridge between research and public policy.

In recent decades women, especially those raising children alone, have borne more and more of the burden of poverty in America, in a trend known as the "feminization of poverty" (a phrase coined by Dr. Diana Pearce, founder and director of WAPP). Towards the end of reducing the poverty experienced by too many women and their families, the Women and Poverty Project concentrates its activities in four areas as they impact on low-income women: housing and homelessness, low-wage employment, welfare programs, and poverty trends.

Projects

Welfare Reform: WAPP analyzes proposed welfare reforms, both state and federal, including such programs as "Workfare," "Learnfare," benefits levels, child support programs, job training, education, and support services.

Recent projects include: With Wider Opportunities for Women, sponsors Welfare Reform Practitioner's Panel; Sits on the Board of the Coalition on Human Needs; Testified before President Clinton's Working Group on Welfare Reform.

Women and Low-wage Employment: WAPP researches the impact of part-time, temporary, and seasonal work; benefits coverage and health insurance; wage levels, especially minimum wage. Related research issues also of concern include access to unemployment compensation, opportunities for training, and child care.

Recent Projects include: Development of Self-Sufficiency performance standards for job training and education programs, introduced into legislation as an amendment to JTPA; Conducted research on how to introduce non-traditional employment training to JTPA programs; Assessed Unemployment Insurance eligibility across the nation to determine uneven benefits levels effecting women.

Shelter: The project address three closely-related problems facing low-income single parent families: the shortage of affordable, accessible, and appropriate housing; the growing homelessness of families; and the increase in housing discrimination against families with children.

Recent projects include: Co-chair of the Women and Housing Task Force; Created research on Doubled-Up Households (families who share their homes); Assessing the importance of stable housing on transitioning off welfare.

Poverty Trends: WAPP examines the developing trends in poverty statistics, with emphasis on women and their families, and identifies through testimony and press releases the many barriers women face in escaping poverty.

The Women and Poverty Project is at Wider Opportunities for Women, which advocates for training and employment issues at the national level and conducts non-traditional training and basic skills/literacy programs on-site for Washington area women.

Wider Opportunities for Women, Inc.



Wider Opportunities for Women

About WOW

Wider Opportunities for Women (WOW) works nationally and in its home community of Washington, D.C. to achieve economic independence and equality of opportunity for women and girls. For nearly 30 years, WOW has helped women learn to earn, with programs emphasizing literacy, technical and nontraditional skills, and career development. Since 1964, WOW has trained more than 10,000 women for well-paid work.

Cynthia Marano, *Executive Director*

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What began as a local Washington effort to help women help themselves has become a multi-faceted women's employment organization, recognized nationally for its skills training models, technical assistance, and advocacy for women workers. While it continues to provide training services locally, WOW also leads the Women's Work Force Network (WWFN) comprised of over 500 independent women's employment programs and advocates in every state and the District of Columbia. Each year, the Network reaches more than 300,000 women seeking employment information, counseling, training and jobs. With its unique perspective as a job trainer and policy monitor, WOW is a respected advocate for the needs and rights of women workers.

1994 Activities

The WOMANLINC Project: staff development workshops and technical assistance for organizations interested in teaching literacy in the context of employment or intergenerational programs;

Leadership Development Project: state-based institutes and follow-up support designed to increase the effectiveness of women's advocates in community-based employment and training organizations;

Nontraditional Employment Training Project: technical assistance for the JTPA system on improving the access of women to nontraditional occupations;

Educational Equity Options Project (EEOP): consultation with school systems to improve vocational education opportunities for women and girls;

The Women at Work Awards: a recognition event to celebrate exceptional contributions to working women in the media, public policy, in the workplace, and in individual leadership;

The Sexual Harassment Solutions Project: a best practices project identifying programs and policies that prevent or address sexual harassment in the workplace;

The Family Literacy Project: a program for local area women integrating basic skills, introduction to nontraditional and technical jobs, and family learning activities;

The DC NEW Act Project: a local public education and technical assistance project to increase the numbers of low income women entering and succeeding in training for nontraditional jobs.

Leadership

WOW is governed by a Board of Directors and guided by advice from the National Commission on Working Women, the Regional Leaders of WOW's Women's Work Force Network, and a local Industry Advisory Council. WOW's Board Chair is Anna Padia; Chair of the Commission, Irene Natividad; and Executive Director is Cynthia Marano.

[FROM THE WALL STREET JOURNAL - DECEMBER 28, 1994]

WORKPLACE

Training Women for Tough Guys' Jobs

By FRED R. BLEAKLEY

Staff Reporter of The Wall Street Journal

Faling winds and a fresh snowfall kept most Milwaukee residents indoors on a recent Wednesday. But Kimberly Miller had work to do.

With a heavy tool belt around her waist and a hard hat covering the hood of her sweatshirt, she strapped iron galls onto her shins and climbed a 35-foot utility pole. The 22-year-old single mother of three is training to repair and install electrical lines for Wisconsin Electric Power Co.—one of the companies participating in an ambitious effort to find nontraditional jobs for women on welfare.

Dozens of Milwaukee welfare mothers are training to become welders, machinists, printers, sheet-metal workers, auto mechanics and carpenters. All are participating in Milwaukee NET, which is run by the local YWCA and was originally funded by the Washington, D.C.-based advocacy group Wider Opportunities for Women (WOW). Milwaukee NET's goal: to place women in occupations in which less than 25% of the work force is female.

As the clamor for welfare reform mounts to include proposals for curtailing welfare to women with dependent children, such training efforts are under growing scrutiny. And Milwaukee NET is among the most successful. Since its training programs started two years ago, with help from a Ford Foundation grant, Milwaukee NET has placed 90 of its 100 graduates in relatively high-paying nontraditional jobs. Eighty-three of them remain in nontraditional jobs.

Ms. Miller, who lives on public assistance while she's in training, will receive a starting salary of \$15 an hour if she passes



Kimberly Miller

rigorous aptitude and physical tests after nine months of training. That's much better than the series of minimum wage, dead-end jobs that left her "struggling month after month to survive," she says.

For the same reason, Jill Baillargeon, 26, has been toughing it out as an apprentice plumber. Now earning about \$10 an hour, the single mother of three will move up to \$22.40 if she makes journeyman in four years.

Job-training programs nationwide are using Milwaukee NET as their guide. "Milwaukee helped us learn successful strategies that can be used in other communities," says Cindy Marano, WOW's executive director. WOW, a 30-year-old nonprofit group, was a driving force behind 1991's Nontraditional Employment for Women (NEW) Act, which requires all federal job-training centers to increase training for women in nontraditional jobs.

In Milwaukee, women on welfare who seek federal job training hear a three-hour talk on nontraditional jobs, which, they learn, typically pay 20% to 30% more than traditionally female occupations like health-care. Women who like the idea of doing nontraditional jobs enroll in Milwaukee NET and spend a week touring training sites to decide which profession they like best. After a series of screening and aptitude tests and before the actual apprenticeships begin, the women go to the YWCA for two weeks of courses, which include remedial math and physical conditioning, as well as lessons in handling sexual harassment.

There is also constant confidence building. "You can't let things get negative," says machine-tooling instructor Susan Lunsford.

Despite WOW's recent success, critics of nontraditional work for women continue to believe that too few welfare women will succeed at these jobs and that the Milwaukee NET approach is too expensive to be practical for larger groups.

Nontraditional job training "is a drop
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[FROM THE WALL STREET JOURNAL - DECEMBER 28, 1994]

Women Learn to Fix Automobiles And Do Other Typical 'Guy' Jobs

Continued From Page B1

in the ocean," says Anthony Carnevale, chairman of President Clinton's National Commission for Employment Policy. He thinks welfare mothers should seek to make "beachheads in new technology industries," such as telecommunications. Over the next 15 years, hundreds of thousands of new low- to moderate-skill jobs will be needed to build wireless transmission centers and other interactive services.

Meanwhile, WOW remains ambitious. Ms. Marano hopes to have 10% of working women in nontraditional jobs in five years, up from 6.6% today. In the past 15 years, the percentage of women in nontraditional white-collar jobs such as law and medicine has increased, but there has been a slight decline in the percentage of women in blue-collar work.

WOW aims to change all that. Looking at Milwaukee NET, it's hard to argue that the effort isn't making a difference for at least some women.

One is Tina Couillard, 38, formerly a battered wife. Now running computerized gear-grinding machines, Ms. Couillard credits Milwaukee NET with "caring when no one else did" and helping her show her children "if you keep learning, life will turn around."

Another graduate is Cindy Wyndham, who says her job at EST Co., an aluminum foundry, is "a godsend; there had been days counting pennies to buy a loose cigarette." She had moved with two of her three children to Milwaukee from Chicago in 1990 after her husband was stabbed to death in a street fight. Only after Ms. Wyndham persevered in the foundry job could she afford a refrigerator.

Milwaukee NET has had its share of problems, too. At first, there wasn't a big enough push, to sign up unions and corporations to offer training or apprenticeship programs, says Nancy Hoffman, a former plumber who heads the program.

But research showed there would be jobs available to women with the right skills. So Ms. Hoffman and the Private Industry Council, which administers federal job funds, linked up with the Milwaukee Area Technical College (using federal job funds to pay the tuition). MATC now teaches classes in welding and machining expressly for Milwaukee NET students. Harley-Davidson Inc. also came through by agreeing to hire trained women and enlisting three of its suppliers to do so.

Even so, training does not guarantee a job, as the eight women in the first Wisconsin Electric line-mechanics class found out. After nine months of training for \$15-an-hour jobs, only one passed the aptitude test; then she flunked the physical. All used their training to find other nontraditional jobs, however, for \$8 or more an hour. Milwaukee NET has since revamped its line mechanics training school, and all of the original eight women plan to take the line mechanics test again in April.

Another problem Milwaukee NET had to remedy quickly was lack of support for women who encountered difficulties at work. "The realities of the workplace can be quite different from training," says Ms. Hoffman. Her staff now spends as much as half of its time keeping in touch with graduates and their employers.

Ms. Hoffman was surprised to learn recently that one of her graduates is unhappy because one of the men at work called her "stupid," and other co-workers are reluctant to help her out on the job. Ms. Hoffman vows to have a talk with the woman and her employer if necessary.

Chairman SHAW. Thank you.
Mr. Flemming.

STATEMENT OF HON. ARTHUR S. FLEMMING, CHAIR, SAVE OUR SECURITY COALITION; AND FORMER SECRETARY, U.S. DEPARTMENT OF HEALTH, EDUCATION AND WELFARE

Mr. FLEMMING. Thank you, Mr. Chairman, for the opportunity of appearing before this Committee.

The Speaker of the House, in characterizing the programs that are under discussion at this time, including AFDC and SSI, wound up his characterization by saying we need to simply reach out, erase the slate and start over.

I was a reporter for what is now the "U.S. News & World Report" at the beginning of the Franklin Roosevelt administration. Up to that time the national community had paid very little, if any, attention to promoting the best interests of its people. I heard President Roosevelt appeal to the national community to pool its resources, both public and private, in order to help one another deal with the hazards and vicissitudes of life.

I saw one program after another emerge as a result of this appeal under the overall heading of Social Security. I have continued to see one President after another and one Congress after another build on this concept.

I had the privilege of serving in President Eisenhower's Cabinet in both his first and second terms, the first term as Director of Defense Mobilization, the second term as Secretary of Health, Education and Welfare. I observed the President appealing to the Congress of the United States with success to strengthen the Social Security Program through very significant amendments for our social insurance program for retirees and also for survivors.

I witnessed his appealing to the Congress with success to add the disabled to the Social Security Program. I saw him also recommend to the Congress a very liberal program designed to assist the elderly in dealing with their health care. In fact, I had the privilege of presenting that program to this Committee, and I am always proud of the fact that I did have the opportunity of presenting it.

Likewise, as President Eisenhower thought in terms of a national community, I witnessed him recommend to the Congress and have the Congress accept the National Defense Education Act. In other words, President Eisenhower was a President who believed in building the national community.

I also had the privilege of serving on the White House staff under President Nixon, particularly in 1972. In that year, I saw him sign a bill calling for a 20-percent increase in Social Security, the last overall increase that we have had. I saw him persuade the Congress of the United States that, as far as Social Security benefits are concerned, they should be adjusted annually for cost of living.

I saw him also recommend to the Congress of the United States an income floor for the entire population. It passed the House, but the Senate would not accept it. Having failed to get a full loaf, he asked for half a loaf. He asked the Congress to approve the Supplemental Security Income Program for the aged and blind and disabled. I also saw him recommend to the Congress of the United

States that the national community adopt a national health plan with employer mandates. He was a firm believer in the development and strengthening of the national community.

I have also had the opportunity of serving under Democratic Presidents who have taken similar steps. It has been a bipartisan effort to bring into existence a national community that cares about its citizens.

I had the privilege under President Bush's administration to serve as chairman of a committee that did an indepth study of the Supplemental Security Income Program. We found that that program aided millions of people. We found it could be improved. We made recommendations for its improvement.

I am proud to belong to a national community that is responding to the needs of millions of its citizens, but I do not believe that this is the time to erase the slate and start over again. I believe we should build on the accomplishments of the past and improve the role of the national community, as well as State and local communities and also the private sector.

Thank you.

[The prepared statement follows:]

TESTIMONY OF

ARTHUR S. FLEMMING
Chair, Save Our Security Coalition
Former Secretary of Health, Education and Welfare

I. Introduction

A. I appreciate the opportunity of appearing before this committee on behalf of the Supplemental Security Income (SSI) program.

B. The overall attempt to reduce the number of poor on both SSI and AFDC programs is to save money in order to reach a balanced budget by 2002.

C. The Speaker of the House in describing this crusade against the poor characterized all the programs that are under consideration in the following manner:

"They are a disaster. They ruin the poor. They create a culture of poverty and a culture of violence which is destructive to this civilization, and they have to be thoroughly replaced from the ground up. We need to simply reach out, erase the slate and start over."

D. I was a reporter for what is now the U.S. News and World Report at the beginning of the Franklin Roosevelt Administration.

1. Up to that time, the national community had paid very little, if any, attention to promoting the best interests of its people.

2. I heard Franklin Roosevelt appeal to the national community to pool its resources, both public and private, in order to help one another deal with the hazards and vicissitudes of life.

3. I saw one program after another emerge as a result of this appeal.

4. I have continued to see one President after another and one Congress after another build on this concept.

5. I am proud to belong to a national community that has responded to the needs of millions of its citizens.

E. Now we are told that the accomplishment of sixty years should be erased and we should start over.

II. Body

A. When President Nixon, in 1972, called upon the national community by pooling its resources, public and private, to provide assistance to the aged, blind, and disabled in dealing with the hazards and vicissitudes of life the nation responded and SSI was born.

1. It provides for a national income floor, which today is still below the poverty line.

2. In August 1992, I submitted, as Chairman, a report on SSI by a panel of persons outside of government who had been appointed by Gwendolyn S. King, the Commissioner of Social Security under President Bush.

B. Our group found that millions of persons had their standard of living lifted by SSI, although it was still below the poverty line.

1. We concluded that SSI could be improved, and made suggestions for its improvement.

2. We believed that it had made and was making a tremendous contribution to the people of our national community.

C. H.R. 4 would strike at the heart of SSI and AFDC.

1. It would terminate both programs as entitlement programs.

2. In 1993, SSI approved the applications of 970,000 persons who were entitled to benefits.

D. If H.R. 4 became the law of the land some of the close to one million persons who each year are declared eligible for SSI would be told they could not claim their benefits because the Social Security Administration had run out of money.

1. SSI would have to determine which persons were not going to receive their benefits on a first-come, first-served basis.

2. Or it would be necessary to establish a system to determine those who needed the services more than others.

3. The same would be true for the AFDC program.

III. Conclusion

A. Whatever system is used, thousands of eligible persons would be turned away in an arbitrary and capricious manner.

B. We know that, although we are the wealthiest nation in the world, the rich are getting richer and the poor poorer.

C. We should be engaged in a crusade to serve the poor by meeting their everyday needs but at the same time a crusade that does everything possible to aid the adults under both programs to find a place in the labor market.

D. SSI and AFDC should be retained as entitlement programs.

Chairman SHAW. Thank you, Mr. Flemming.
Mr. Johnson.

STATEMENT OF HON. RANDY JOHNSON, COUNTY COMMISSIONER, HENNEPIN, MINNESOTA; AND THIRD VICE PRESIDENT, NATIONAL ASSOCIATION OF COUNTIES

Mr. JOHNSON. Thank you, Mr. Chairman and Members of the Subcommittee.

I am Randy Johnson, Commissioner of Hennepin County, Minnesota, and third vice president of the National Association of Counties, NACO, which represents the Nation's 3,000 counties. I am pleased to be before you today to talk about the county perspective on welfare reform and to share some information about Minnesota's welfare reform program that has very strong bipartisan support in our State.

In the interest of time, I will summarize my remarks and ask that my full statement be included in the record.

The role of county governments in welfare varies widely among the States. In some States, welfare is solely a State responsibility. In 18 States, counties contribute to the administrative costs of AFDC, and in 11 States counties also help match the non-Federal share of benefits. Child welfare, child support, child care and other support services are also provided by counties.

NACO shares many of the concerns and goals in welfare reform. We support the development of a comprehensive simplified welfare system that rewards work, strengthens families and trains people for jobs that promote long-term self-sufficiency. We agree that child support enforcement efforts need to be improved and enhanced.

NACO is very concerned, however, about the effect that the capped block grant proposals will have on county government. NACO's policy opposes block grants and spending caps for Federal entitlement programs, such as AFDC, food stamps and foster care. Our policy also supports maintaining the entitlement nature of these programs, both for State reimbursement and for individual benefits.

Entitlement programs for low-income families and children are designed to provide basic subsistence needs. They respond to conditions of the national economy, such as inflation, unemployment and increases in poverty that are beyond the control of State and local governments. Under a capped block grant, there would be no additional Federal funding available to meet increased demand for these services in case of a recession, and that is when the help is needed the most.

Strict time limits are also a concern. NACO generally supports the concept of time-limited assistance. Our policy, however, does not specify specific time limits and further stipulates that they must be accompanied with adequate Federal funds for job training, job creation and support services, such as child and health care. The reason for our concern about strict time limits are that in some areas there may be not be suitable available employment and that welfare participants have different skill training needs. Local officials should be able to determine time limits and whether to provide education and training or require immediate job placement.

Another issue of great concern to counties is the proposed elimination of benefits to legal immigrants. One reason for our concern is the possible increase in the number of people using emergency rooms and uncompensated care in county hospitals due to the elimination of basic Medicaid and other public health services. Establishing and enforcing immigration policy is a Federal responsibility, and the Federal Government should therefore also have the financial responsibility for this population.

While NACO generally opposes block grants in entitlement programs, if these block grants are enacted, we have the following recommendations: First, there must be some financial protection for State and local governments in the case of economic downturns. I understand that you are considering such a provision in the form of a rainy day fund.

Second, flexibility must not stop at the State level. It must also be extended to local governments. Third, local elected officials must be involved in developing State plans. A mandate from the State capitol in St. Paul is every bit as much of a mandate as one that comes from Washington, DC. Fourth, overly prescriptive requirements should not be included. Fifth, there should be national performance goals, rather than strict requirements. These goals should be based on outcomes, rather than on meeting audit and eligibility requirements. Finally, NACO supports the national minimum benefits standard. This provision would become particularly important if both the AFDC and Food Stamp Programs are turned into block grants, because the food stamp benefit now serves as something of an equalizer in States that have low AFDC benefits.

In conclusion, Mr. Chairman and Members of the Committee, let me take a moment to tell you about what we are doing in Minnesota with the Federal waiver that it took us 6 years to obtain. In 1994, Minnesota began a pilot program in seven counties called the Minnesota Family Investment Program or MFIP. My county of Hennepin, which includes Minneapolis and suburbs, is one of the State's seven program sites.

MFIP targets the likely long-term recipients, those under 22, never married, no diploma or GED. This is the group that in our State, and I think nationally, is by far the longest and most likely long-term recipients. Under MFIP, the 38-percent income disregard is not time limited, the 100-hour rule has been eliminated, and families can increase their income to about 150 percent of the poverty level. We have done this for only 7 months, Mr. Chairman, our success is preliminary, but very good. These are the types of programs that we think States will enact and local governments will implement if we have the flexibility.

Again, thank you, Mr. Chairman. We appreciate this opportunity.

[The prepared statement and attachment follow:]

TESTIMONY OF RANDY JOHNSON
NATIONAL ASSOCIATION OF COUNTIES

MR. CHAIRMAN, MEMBERS OF THE SUBCOMMITTEE, I AM RANDY JOHNSON, COMMISSIONER OF HENNEPIN COUNTY, MINNESOTA, AND THIRD VICE PRESIDENT OF THE NATIONAL ASSOCIATION OF COUNTIES (NACO). I AM VERY PLEASED TO APPEAR BEFORE YOU TODAY TO TALK ABOUT THE COUNTY PERSPECTIVE ON WELFARE REFORM AND TO SHARE WITH YOU SOME OF THE EXCITING THINGS WE ARE DOING IN MINNESOTA. IN THE INTEREST OF TIME, I WILL SUMMARIZE MY REMARKS AND ASK THAT MY FULL STATEMENT BE INCLUDED IN THE RECORD.

THE ROLE OF COUNTY GOVERNMENTS IN WELFARE VARIES WIDELY AMONG STATES. IN SOME STATES WELFARE IS SOLELY A STATE RESPONSIBILITY. IN EIGHTEEN STATES COUNTIES CONTRIBUTE TO THE ADMINISTRATIVE COSTS OF THE AID TO FAMILIES WITH DEPENDENT CHILDREN (AFDC). IN ELEVEN STATES, COUNTIES ALSO HELP MATCH THE NON-FEDERAL SHARE OF BENEFITS. CHILD WELFARE, CHILD SUPPORT, CHILD CARE, AND OTHER SUPPORT SERVICES ARE OFTEN PROVIDED BY COUNTIES.

THE RESPONSIBILITY FOR GENERAL ASSISTANCE (USUALLY FOR SINGLE ADULTS WITHOUT DEPENDENTS) IS SOMETIMES SHARED BY THE STATE AND THE COUNTIES, AS IS THE CASE IN NEW YORK. IN OTHER STATES, SUCH AS CALIFORNIA, COUNTIES HAVE FULL RESPONSIBILITY FOR GENERAL ASSISTANCE. AS YOU KNOW, MR. CHAIRMAN, YOUR STATE OF FLORIDA DOES NOT HAVE A GENERAL ASSISTANCE PROGRAM, BUT SOME COUNTIES FUND EMERGENCY PROGRAMS.

NACO SHARES MANY OF YOUR CONCERNS AND GOALS IN WELFARE REFORM. WE SUPPORT THE DEVELOPMENT OF A COMPREHENSIVE, SIMPLIFIED WELFARE REFORM SYSTEM THAT REWARDS WORK, STRENGTHENS FAMILIES, AND TRAINS PEOPLE FOR JOBS THAT PROMOTE LONG-TERM SELF-SUFFICIENCY. WE AGREE THAT CHILD SUPPORT ENFORCEMENT EFFORTS NEED TO BE ENHANCED.

NACO IS VERY CONCERNED, HOWEVER, ABOUT THE EFFECT THAT CAPPED BLOCK GRANT PROPOSALS WILL HAVE ON COUNTY GOVERNMENTS. NACO'S POLICY OPPOSES BLOCK GRANTS AND SPENDING CAPS FOR FEDERAL ENTITLEMENT PROGRAMS SUCH AS AFDC, FOOD STAMPS, AND FOSTER CARE. OUR POLICY ALSO SUPPORTS MAINTAINING THE ENTITLEMENT NATURE OF THESE PROGRAMS, BOTH FOR STATE REIMBURSEMENT AND INDIVIDUAL BENEFITS.

ENTITLEMENT PROGRAMS FOR LOW-INCOME FAMILIES AND CHILDREN ARE DESIGNED TO PROVIDE BASIC SUBSISTENCE NEEDS. THEY RESPOND TO CONDITIONS OF THE NATIONAL ECONOMY, SUCH AS INFLATION, UNEMPLOYMENT, AND INCREASES IN POVERTY THAT ARE BEYOND THE CONTROL OF STATE AND LOCAL GOVERNMENTS. UNDER A CAPPED BLOCK GRANT, THERE WOULD BE NO ADDITIONAL FEDERAL FUNDING AVAILABLE TO MEET THE INCREASED DEMAND FOR CASH ASSISTANCE AND OTHER SOCIAL SERVICES IN CASE OF A RECESSION. AND THAT IS WHEN THE HELP IS NEEDED THE MOST. SO OFTEN WE HEAR - AND MANY OF US WHO RUN FOR ELECTIVE OFFICE SAY - "WHEN TIMES GET

TOUGH, THE GOVERNMENT HAS TO TIGHTEN ITS BELT TOO." THAT'S TRUE IN MANY AREAS. BUT WHEN "TIMES GET TOUGH" IS EXACTLY WHEN NEED FOR THESE TYPES OF ECONOMIC ASSISTANCE ARE THE GREATEST.

WE BELIEVE THAT THERE ARE MANY THINGS THAT CAN BE DONE TO SIMPLIFY THE SYSTEM AND REMOVE BARRIERS TO EMPLOYMENT AND FAMILY FORMATION WITHOUT CHANGING TO CAPPED BLOCK GRANTS. THERE SHOULD BE UNIFORM RULES AND DEFINITIONS (PARTICULARLY FOR ASSETS SUCH AS AUTOMOBILES) AMONG FEDERAL MEANS-TESTED PROGRAMS SUCH AS AFDC, FOOD STAMPS AND MEDICAID. STATES SHOULD BE ALLOWED TO ELIMINATE THE 100 HOUR RULE AND INCREASE EARNINGS DISREGARDS WITHOUT GOING THROUGH THE WAIVER PROCESS. ANOTHER POSSIBILITY WOULD BE TO EXPAND THE WAIVER AUTHORITY FOR THE FOSTER CARE PROGRAM THAT CONGRESS ENACTED LAST YEAR.

WELFARE REFORM MUST INCLUDE AN AGGRESSIVE FEDERAL STRATEGY TO CREATE JOBS, PARTICULARLY PRIVATE SECTOR JOBS. SUPPORT SERVICES SUCH AS HEALTH CARE, CHILD CARE, AND TRANSPORTATION ARE ESSENTIAL TO HELPING FAMILIES ACHIEVE LONG-TERM SELF-SUFFICIENCY. STATES SHOULD BE ALLOWED TO INCREASE TRANSITIONAL SERVICES SUCH AS MEDICAID AND CHILD CARE BEYOND ONE YEAR WITH FEDERAL FINANCIAL SUPPORT.

IN APRIL 1994, MINNESOTA BEGAN A PILOT PROGRAM IN SEVEN COUNTIES, CALLED THE MINNESOTA FAMILY INVESTMENT PROGRAM (MFIP). I WAS INVOLVED IN THE ADVISORY GROUP THAT DEVELOPED MFIP,

AND OBTAINED THE FEDERAL WAIVERS. MY COUNTY OF HENNEPIN, WHICH INCLUDES MINNEAPOLIS AND ITS SUBURBS, IS ONE OF THE STATE'S SEVEN PROGRAM SITES. UNDER MFIP THE 38% INCOME DISREGARD IS NOT TIME-LIMITED; THE 100-HOUR RULE HAS BEEN ELIMINATED; AND FAMILIES CAN INCREASE THEIR INCOME TO ABOUT 150% OF THE POVERTY LEVEL BEFORE LEAVING MFIP. THE PROGRAM ALSO INCLUDES PERFORMANCE EXPECTATIONS AND REQUIRES THOSE WHO DO NOT LEAVE MFIP ASSISTANCE ON THEIR OWN TO WORK WITH A CASE MANAGER. IN SHORT, THE BASIC PHILOSOPHY OF MFIP IS THAT ABLE-BODIED PEOPLE SHOULD ALWAYS BE BETTER OFF WORKING THAN ON WELFARE; THAT THERE IS NOTHING WRONG WITH ASKING ABLE-BODIED WELFARE RECIPIENTS TO DO SOMETHING IN EXCHANGE FOR A GOVERNMENT CHECK; AND THAT THE GOAL OF WELFARE SHOULD BE SELF-SUFFICIENCY.

ALTHOUGH THE PROGRAM IS ONLY NINE MONTHS OLD, MFIP IS PRODUCING VERY ENCOURAGING PRELIMINARY RESULTS. THIRTY-TWO PERCENT OF THE URBAN FAMILIES ARE EMPLOYED, COMPARED TO FOURTEEN PERCENT IN THE NON-MFIP COMPARISON GROUP. FIFTY-TWO PERCENT OF THE RURAL FAMILIES ARE EMPLOYED COMPARED TO THIRTY-FOUR IN THE CONTROL GROUP. THE EARNINGS OF MFIP FAMILIES IN URBAN COUNTIES ARE ABOUT TEN PERCENT HIGHER THAN IN THE CONTROL GROUP. I HAVE BEEN TOLD THAT HENNEPIN COUNTY LEADS ALL URBAN COUNTIES IN THIS RESPECT.

ONE OF THE MAJOR OBJECTIVES OF WELFARE REFORM SHOULD BE TO PROTECT CHILDREN. SOME OF THE PROVISIONS IN THE PERSONAL RESPONSIBILITY ACT SUCH AS FAMILY CAPS, AND DENYING BENEFITS TO CHILDREN FOR WHOM PATERNITY HAS NOT ESTABLISHED ARE THEREFORE VERY TROUBLING. ONE OF THE UNINTENDED CONSEQUENCES OF THESE PROPOSALS COULD BE TO INCREASE FOSTER CARE PLACEMENTS.

IN MANY JUVENILE COURT STATUTES, THE DEFINITION OF NEGLECT INCLUDES LACK OF FOOD, CLOTHING, SHELTER, AND MEDICAL CARE. THE COMBINATION OF CAPPED BLOCK GRANTS AND DENIAL OF BENEFITS TO CHILDREN WOULD COMPOUND THE PROBLEM. WE MUST PRESERVE A NATIONAL SAFETY NET FOR CHILDREN; ONE OF ITS MOST IMPORTANT COMPONENTS IS CONTINUING FOSTER CARE AS AN ENTITLEMENT PROGRAM.

STRICT TIME LIMITS ARE ALSO A CONCERN. NACO GENERALLY SUPPORTS THE CONCEPT OF TIME-LIMITED ASSISTANCE. OUR POLICY, HOWEVER, DOES NOT SPECIFY SPECIFIC TIME LIMITS AND FURTHER STIPULATES THAT THEY MUST BE ACCOMPANIED WITH ADEQUATE FEDERAL FUNDS FOR JOB TRAINING, JOB CREATION, AND SUPPORT SERVICES SUCH AS CHILD CARE AND HEALTH CARE. THE REASONS FOR OUR CONCERN ABOUT STRICT TIME LIMITS ARE THAT IN SOME AREAS THERE MAY NOT BE SUFFICIENT AVAILABLE EMPLOYMENT, AND THAT WELFARE PARTICIPANTS HAVE DIFFERENT SKILLS TRAINING NEEDS. LOCAL OFFICIALS SHOULD BE ABLE TO DETERMINE TIME LIMITS AND WHETHER

TO PROVIDE EDUCATION AND TRAINING OR REQUIRE IMMEDIATE JOB PLACEMENT.

ANOTHER ISSUE OF GREAT CONCERN TO COUNTIES IS THE PROPOSED ELIMINATION OF BENEFITS TO LEGAL IMMIGRANTS. NACO STRONGLY OPPOSES ELIMINATING PROGRAM ELIGIBILITY FOR LEGAL IMMIGRANTS. THE MAJORITY OF LEGAL IMMIGRANTS WORK AND CONTRIBUTE THEIR SHARE OF TAXES. THEY ARE OFTEN, HOWEVER, EMPLOYED IN VERY LOW PAYING JOBS THAT DO NOT PROVIDE BENEFITS SUCH AS HEALTH CARE. MANY OLDER IMMIGRANTS WHO QUALIFY FOR SUPPLEMENTAL SECURITY INCOME DO SO BECAUSE THEY CAME TO THIS COUNTRY AT AN OLDER AGE AND DID NOT WORK THE NECESSARY QUARTERS TO QUALIFY FOR SOCIAL SECURITY.

WE ARE VERY CONCERNED ABOUT THE EFFECT THAT THESE RESTRICTIONS WILL HAVE ON LOCAL PROGRAMS. ONE AREA THAT IS PARTICULARLY TROUBLESOME IS THE POSSIBLE INCREASE IN THE NUMBER OF PEOPLE USING EMERGENCY ROOMS AND UNCOMPENSATED CARE IN COUNTY HOSPITALS DUE TO THE ELIMINATION OF BASIC MEDICAID AND OTHER PUBLIC HEALTH SERVICES. ESTABLISHING AND ENFORCING IMMIGRATION POLICY IS A FEDERAL RESPONSIBILITY, AND THE FEDERAL GOVERNMENT SHOULD THEREFORE ALSO HAVE THE FINANCIAL RESPONSIBILITY FOR THIS POPULATION.

WHILE NACO GENERALLY OPPOSES BLOCK GRANTS IN ENTITLEMENT PROGRAMS, IF THESE BLOCK GRANTS ARE ENACTED , I HAVE THE FOLLOWING RECOMMENDATIONS.

1) THERE MUST BE SOME FINANCIAL PROTECTION FOR STATE AND LOCAL GOVERNMENTS IN THE CASE OF ECONOMIC DOWNTURNS. I UNDERSTAND THAT YOU ARE CONSIDERING SUCH A PROVISION IN THE FORM OF A "RAINY DAY" FUND.

2) FLEXIBILITY MUST NOT STOP AT THE STATE LEVEL. IT MUST ALSO BE EXTENDED TO LOCAL GOVERNMENTS. IN MINNESOTA WE HAVE URBAN COUNTIES, SUBURBAN COUNTIES, RURAL COUNTIES, AND INDIAN RESERVATIONS, ALL WITH DIFFERENT CHARACTERISTICS AND DIFFERENT NEEDS.

3) LOCAL ELECTED OFFICIALS MUST BE INVOLVED IN DEVELOPING STATE PLANS. A MANDATE FROM THE STATE CAPITAL IN ST. PAUL IS EVERY BIT AS MUCH OF A MANDATE AS ONE THAT COMES FROM WASHINGTON, D.C..

4) OVERLY PRESCRIPTIVE REQUIREMENTS SHOULD NOT BE INCLUDED.

5) THERE SHOULD BE NATIONAL PERFORMANCE GOALS RATHER THAN STRICT REQUIREMENTS. THESE GOALS SHOULD BE BASED ON OUTCOMES RATHER THAN ON MEETING AUDIT AND ELIGIBILITY REQUIREMENTS. ONE OF THE MAJOR GOALS SHOULD BE MOVING FAMILIES INTO LONG-TERM SELF-SUFFICIENCY. OTHER BENCHMARKS COULD INCLUDE INCREASED HIGH SCHOOL COMPLETION RATES FOR TEENAGE PARENTS, INCREASED PATERNITY ESTABLISHMENT, AND REDUCTIONS IN TEENAGE PREGNANCY.

IN ADDITION, NACO SUPPORTS A NATIONAL MINIMUM BENEFIT STANDARD. THIS PROVISION WOULD BECOME PARTICULARLY IMPORTANT IF BOTH THE AFDC AND FOOD STAMP PROGRAMS ARE TURNED INTO BLOCK GRANTS BECAUSE THE FOOD STAMP BENEFIT NOW SERVES AS SOMETHING OF AN EQUALIZER IN STATES THAT HAVE LOW AFDC BENEFITS. WITHOUT SUCH A STANDARD, THOSE IN NEED WILL BE DRAWN TO AND ULTIMATELY OVERWHELM JURISDICTIONS WHERE PEOPLE ARE TRYING TO DO MORE TO HELP THEIR NEIGHBORS IN NEED.

IN CLOSING, I WOULD LIKE TO ADDRESS CHILD SUPPORT ENFORCEMENT. THIS SHOULD BE A MAJOR COMPONENT OF ANY FEDERAL WELFARE REFORM LEGISLATION. CONGRESS NEEDS TO SEND A STRONG MESSAGE THAT THIS IS A NATIONAL PRIORITY AND MUST ENHANCE FEDERAL EFFORTS TO IMPROVE THE SYSTEM. THIS SHOULD INCLUDE INCREASED FEDERAL MATCHING RATES, GIVING STATES ACCESS TO INTERNAL REVENUE SERVICE DATA, HELPING STATES WITH THE COST OF NEW AUTOMATED SYSTEMS, AND TECHNICAL ASSISTANCE.

AGAIN, THANK YOU MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE FOR THE OPPORTUNITY TO EXPRESS THE VIEWS OF COUNTIES ON THIS ISSUE OF VITAL IMPORTANCE TO OUR NATION.

6L. Resolution on Federal Welfare Reform

WHEREAS, President Clinton has submitted legislation to Congress for major restructuring of the welfare system that includes principles long supported by the National Association of Counties in The American County Platform; and

WHEREAS, the legislation's principles include:

- Making Work Pay, with incentives that encourage families to work and not stay on welfare, and that help is available to ensure that they can work and adequately support a family;
- Improved Child Support Enforcement, with responsibility of both parents to support their children and stronger systems for identifying fathers and ensuring their support;
- Education, Training, and other Services to help people get off welfare and stay off, building on the Family Support Act of 1988 as a base;
- Time-limited Transitional Support System, in which those who are healthy and able to work will be expected to move off welfare quickly, and those who cannot find jobs should be provided with work and expected to support their families; and

WHEREAS, the Administration had an extensive consultation process with the National Association of Counties and other national organizations; and

WHEREAS, many of the proposals pending before Congress would finance welfare reform through reductions or caps in entitlement programs and would reduce or eliminate immigrants' eligibility for a number of federal programs and these financing mechanisms would shift costs to county and state governments; and

WHEREAS, counties and states will have to make significant changes in the way programs are operated, changes that require staff training and acquisition of new equipment which could adversely affect the delivery of these services or cause an increase in the state and/or local fiscal responsibility; and

WHEREAS, in order for welfare reform to succeed, every effort must be made to ensure that employment is available to those making the transition to work:

THEREFORE, BE IT RESOLVED that the National Association of Counties commends the Clinton Administration for making comprehensive welfare reform a legislative priority, to end the current, unworkable system of public assistance programs, and for their extensive consultation process; and

BE IT FURTHER RESOLVED that any welfare reform that includes time-limited eligibility for assistance and transitional support services, must also provide adequate federal funding for the necessary job training, job placement, continued subsistence grants, health care coverage, child care, transportation, and administration; and

BE IT FURTHER RESOLVED that welfare reform must include an aggressive federal strategy to create jobs that promote durable self-sufficiency; and

BE IT FURTHER RESOLVED that the entitlement nature of public assistance and social services programs should be preserved in restructuring welfare, both for payments to states, and for individual benefits; and

BE IT FURTHER RESOLVED that the National Association of Counties reaffirms its strong opposition to proposals that would shift costs to county governments, such as entitlement program caps and reductions, and eliminating or reducing immigrants' eligibility for federal programs; and

BE IT FURTHER RESOLVED that counties and states must have the flexibility and adequate time to design and implement a program that will meet the needs of the local population and the local employment market; and

BE IT FURTHER RESOLVED that the National Association of Counties urges the Congress and the Administration to enact and implement the program simplification recommendations of the Welfare Simplification and Coordination Advisory Committee and the American Public Welfare Association's Program Coordination Task Force; and

BE IT FURTHER RESOLVED that the National Association of Counties strongly supports waiving the state matching requirement for the Job Opportunities and Basic Skills program, and substantially increasing the federal match for the At-Risk Child Care program, and Child Support Enforcement; and

BE IT FURTHER RESOLVED that federal welfare reform should incorporate electronic technology improvements, especially electronic benefit transfers, in revising and restructuring public assistance benefit programs; and

BE IT FURTHER RESOLVED that in order to encourage experimentation and improvements in the welfare system, as an interim step, the federal government should remove the "cost neutral" criterion for waivers and demonstration programs and simplify the procedures for approving state and county applications for such waivers; and

BE IT FURTHER RESOLVED that in order to encourage the success of welfare reform the National Association of Counties supports the inclusion of the job training delivery system as the workforce development vehicle for major coordination among the partners, including human services, education, and local elected officials; and

BE IT FURTHER RESOLVED that the National Association of Counties supports the Administration's proposed elimination of the current JOBS targeting requirement, but is concerned about the proposed penalties for failure to meet new performance standards. New standards must be phased-in and counties must be involved in their development.

Adopted August 4, 1994

Chairman SHAW. Thank you, Mr. Johnson.

Ms. Dunn will inquire.

Ms. DUNN. No questions.

Chairman SHAW. Mr. Ford.

Mr. FORD. Thank you, Mr. Chairman.

Mr. Johnson, it is interesting. We met over the weekend with Governors and both Members of the Senate and the House, along with some local elected officials, and I think there were two county elected officials present at the Welfare Summit.

Tell me a little bit more about flexibility and how local governments can participate in the flexibility of this so-called block grant program that we are talking about. The reason I say that, one of the mayors indicated that if local governments are not participants in this, they are the ones that will have to pick up all of the real problems that will be a spinoff of any type of block grant program. By giving the States all the flexibility that they want, cutting people off the welfare rolls will make many more problems that we are not talking about or addressing in this welfare proposal that is before this Committee today. Can you elaborate a little bit more on that?

Mr. JOHNSON. Yes, Congressman. Every State is different in how it administers welfare. Some States do not even have counties and counties obviously are not involved. In other States, counties are the primary deliverer of AFDC and other welfare services, as in my State.

My State might be a good example. In Minnesota, we have large urban areas, we have suburban areas, we have rural areas, and we have Indian reservations. We have differences in those four areas as to costs, needs, transportation, and job and employment availability. Just as a one-size-fits-all national welfare system is not going to work in every State, in many States a one-size-fits-all State system is not going to work.

What we want to do is make sure that in those States where counties are expected to deliver welfare services, counties also have a role up front in saying how those services need to be delivered. We are the ones on the front lines in any State.

Mr. FORD. Will the Governors make sure that the county role will be protected, or should we do it from the Federal level?

Mr. JOHNSON. Congressman, on behalf of NACO, we would like some assurance in the legislation that where local governments are responsible for implementing and delivering these services, that we will have a role to play in designing them. I know that many of the Governors are very open to this and other Governors perhaps have not thought about it, and in some States it is really not a relevant consideration.

Mr. FORD. Mr. Grubbs, you talked about automating the child enforcement methods. Do you have any idea or suggestion as to what Federal standards should be in place as we proceed, in what you talked about earlier in automating the child enforcement methods?

We have heard from so many States and so many Governors in recent days, and all have indicated that the system under current law has not been able to work, when those absent or deadbeat fa-

thers or the noncustodial parent, crosses State lines, child support enforcement becomes very difficult.

Although if I drove in your State and got a traffic ticket, naturally, if I did not pay that ticket in 30 days, I am going to get my license revoked in my State. That is not true when one crosses the State line under the child support enforcement laws that are now in place. We do not have in place a mechanism to automate that would protect the children and assist in the collection of child support moneys.

Mr. GRUBBS. Mr. Ford, I think you identified obviously one of the biggest problems still facing the child support program, and that is the whole issue of interstate enforcement. Some States have very, very good laws and their programs frankly are better than in other States.

Our biggest concern, however, is to have the Federal Government available in a positive and productive way to help the States understand how programs work in other States, what ways that it could be improved in States that are not doing as well, but not micromanaging the way that actually occurs when it is implemented by a State or county IV-D agency.

I am afraid there has been a little bit too much of that in this program. I think there are some States that have taken the lead in improving their interstate enforcement. Many of the provisions that are included in the Democratic welfare reform provisions have come from the initiation of States, and I think that is the best way to let it continue. Frankly, Tennessee is one of the leading States in the privatization effort. They are doing a tremendous job at improving child support by contracting a lot of the public programs to some of the private sector firms that I mentioned.

Mr. FORD. Thank you.

Chairman SHAW. Mr. English.

Mr. ENGLISH. Thank you, Mr. Chairman.

Mr. Grubbs, in your testimony you supported early paternity establishment, and I was wondering why is that important, and would you consider this to be, if we do go to a block grant system, an appropriate guideline or a specific condition of funding?

Mr. GRUBBS. I think one of the most critical parts of the IV-D Program is early paternity establishment. The problem that has been faced by the States and by the Title IV-D Program is that too often at the point we are asked to establish paternity, the case is years old. We may not have the slightest idea of how to locate the alleged father.

The early paternity establishment efforts that have begun in many of the States are in the hospital at the time the mother and the alleged father are there. We are attempting to obtain voluntary acknowledgments. We are trying to set up programs in hospitals that can conduct genetic testing right on the spot, so that a positive identification of the father can occur, and that will save the Federal Government a tremendous amount of money in the long run, as opposed to a much later contested-type legal proceeding to establish paternity.

Mr. ENGLISH. I also noticed that you testified in favor of States, particularly interstate compacts for child support, rather than a federally operated system. Why do you make that argument, and

what do you think the relative advantages are of interstate compacts?

Mr. GRUBBS. I think one of the advantages to having the States make these compacts and determine for themselves the best way to improve interstate cooperation is because they are the ones actually operating these programs. They are there with the clients being served by the program, and they are there locating absent fathers and getting them to pay child support. The Federal Office of Child Support Enforcement, while it has an appropriate role at some policy level, does not have the firsthand knowledge or experience to operate really any significant component of this program. The States understand the program. The States and local governments understand this program the best.

Mr. ENGLISH. Thank you.

Beyond that, Mr. Chairman, I simply have more of a comment than a question for Commissioner Johnson. I have a certain amount of sympathy for NACO's position, as a former local elected official myself and someone who was involved in seeing the effects of mandates being passed down from both the Federal and State level.

But I must tell you, sir, I am not in complete sympathy with your testimony, for a variety of reasons. I see that you oppose block grants on a number of grounds, one of them being that you as counties should be involved in designing the local programs. I really do not think we should be dictating that necessarily to the States. I understand the historic tension between local government and State government and, again, I have participated in it. But it seems to me that this is an argument you should be posing to the States.

You make the point that has been made here before that block grants, if the funding formula is not somehow tied into allowing for an economic downturn, might impose certain burdens on States. But then you concede the point that the Chairman has made repeatedly, that we are looking to design a system that provides funding to account for that. I can tell you that I am strongly committed to providing that kind of insurance.

Finally, I see that you link your support for time limits to their being indeterminate at the Federal level and that they be tied to more funding for job creation. Now, I understand that the counties would enjoy very much having additional Federal funds to work with on job creation projects, but I myself do not feel that time limits should be wired into those funding questions. I believe that we can provide flexible block grants that address the concerns of localities and of State policymakers, and I believe that block grants right now provide a much greater opportunity for innovation than the current system provides.

So I hope you will take back to some of your colleagues, as I have already expressed to many of my local county officials, that I think block grants really are the way to go.

Thank you, Mr. Chairman.

Chairman SHAW. The time of the gentleman has expired.

Mr. ENSIGN.

Mr. ENSIGN. Thank you, Mr. Chairman.

Just real briefly, Mr. Johnson, I share some of your concerns about the counties having more control and cities having more control. I think that what we need to do here at the Federal level is get it back to the States, and then it is up to you at the local levels to make sure the States get some of the influence and some of the power back to the State and local governments.

I think that a lot of us that were just elected were elected on that premise, that we believe the more control we can have closer to the people, the way our government was originally set up, the better the government can be accountable, the better the funds can be used, everything just works out better in the long run. It can be privatized much more easily. So I think we support in general what you want. It is just not up to us to make the States prompt local involvement.

Mr. Flemming, I do have a question for you. You mentioned in your written testimony that SSI should be kept the same. We have heard some pretty dramatic testimony on a lot of fraud and abuse that goes on with SSI. SSI was originally set up obviously for severely disabled, elderly and children, and now we have a lot of abuse going on because they have so broadened the definition of who can receive SSI, including people that are drug addicts. Do you feel that it should be continued as is, or should this Committee be looking at reforming some of the abuses that are going on in SSI?

Mr. FLEMMING. I did not quite get the latter part of your question.

Mr. ENSIGN. Drug addicts right now are classified to receive SSI the same as somebody who has cerebral palsy.

Mr. FLEMMING. Let me address myself to the drug addicts and alcohol addicts. I know that that is a problem. Congress a number of years ago passed a law saying that there should be representative payees injected into the Supplemental Security Income Program. These would be volunteers from the private sector who would serve as monitors in certain instances.

A little later on, Congress specified that SSI must provide a representative payee for an alcohol addict or a drug addict. Congress has since then provided that these public representative payees will work with them for a period of 3 years, try to get them into a program that will bring about a cure, but after 3 years, they are to be dropped.

Personally, I think that was a great idea, but the trouble is it is an unfunded mandate. The Congress of the United States has never provided any money for the representative payees. The claims experts and representatives at SSI have had to absorb that and, as time has gone on, that workload has become greater and greater.

I feel that if the Congress will back up the legislation which went through this particular Committee, that the Appropriations Committee will give them some resources so that they can work on that problem. They can get a very constructive result. Personally, I do not agree with the idea of dropping them at the end of 3 years. It may be that we have not succeeded at the end of—

Mr. ENSIGN. Mr. Flemming, we had testimony in front of this Committee from people that are treating some of these people that the worst thing that we can possibly do for some of these people

is to give them the cash benefits that we are doing right now, and the reason behind that is they said that people that were starting with successful treatment, as soon as they started getting these cash benefits, they started supporting their drug habits with this. We had a lot of testimony that said to stop this, you are hurting these people you are trying to help.

Mr. FLEMMING. My only point is allow representative payees to work with individuals, and if they find that one thing is not working, let them try something else. But keep in mind the fact that when we drop them, then some institution of society is going to pick them up at a much greater expense than we have incurred in working with them as individuals. I believe there is a possibility of working with individuals and bringing about a constructive result, and I believe these representative payees who are volunteers can do a very good job along that particular line. But give them a chance to keep working with the individual in an effort to bring that about.

Mr. ENSIGN. Thank you, Mr. Chairman.

Chairman SHAW. The time of the gentleman has expired.

Mr. Levin.

Mr. LEVIN. Thank you, Mr. Chairman.

Dr. Pearce, if I might ask you, because you have worked with people in the welfare system, to sum up what you think, based on your experience, what the best answers are. Clearly, the system in many, many, many cases is not working. What works and what does not work?

Ms. PEARCE. What works is to provide for individuals what they need. Some individuals when they come under welfare are ready to leave, and, as we know, many do leave very quickly and get jobs. They just need help with job search. Many others, the majority have serious barriers in terms of education and job skills.

What works is a combination of education and specific job skills. What we think works particularly with people with low literacy skills is functional context literacy, where they learn their math skills at the same time as they are learning carpentry, and putting them into jobs that are high-paying traditional jobs or nontraditional jobs or postsecondary education.

If we simply push women back into the work force without any kind of education and training, they have already done this work. Many of them have already been on welfare. Half of welfare applicants are reapplicants. They have tried to make it out there and they find they cannot. Two-thirds of those who go out for a job find that they cannot support themselves and their family in return. To break that cycle, we need to provide job training.

We are not talking about years and years and years. We are talking about specific training, particularly in nontraditional jobs. That really works. We have a whole group of people in class after class who graduate from our program and many of the other programs from the programs that the Petitioners' Panel represents who can show that.

One of the things that has happened is that the JTPA has a new act, nontraditional employment for women, which is being implemented. That has resulted in more and more women through JTPA, many of whom are welfare recipients, about 40 percent are

welfare recipients, getting training in nontraditional jobs that pay living wages, and they get off of welfare and off of all subsidy.

Mr. LEVIN. Thank you.

Mr. Grubbs, one of the questions we are going to be considering in terms of support relates to the establishment of paternity. You have had a lot of experience. What should we do where the woman cooperates, but the State is not able to establish paternity right away? What should the system do in that case?

Mr. GRUBBS. Mr. Levin, that is a problem and we see it in the child support enforcement program all the time. I can remember the first time when I was working in a IV-D agency when I saw the woman asked to provide the name of the father on our application form; "Joe," and it made it a very, very difficult problem for IV-D workers to try to follow up on.

Obviously, there must be a much stronger effort, particularly at intake, and with the IV-D Program some of that intake is going to occur in welfare offices, if you are dealing with AFDC clients. Much more has to be done to try to elicit names and to get some accuracy into at least the likelihood of who may be a father. Once we do that, genetic testing can take over. But that is a tough issue and it is one that, as more time goes by from the birth until the time we attempt to establish paternity, the tougher it is going to get.

Again, I go back and say early paternity establishment in the hospitals, ideally with positive genetic testing, is going to be the best way to resolve that issue.

Mr. LEVIN. I think that is agreed. Where the woman cooperates, how should the system respond if paternity cannot be established right away?

Mr. GRUBBS. Obviously, for the child support enforcement program, the responsibility pretty much ends there. If there is simply no way that we can identify a father in order to try to establish the child support obligation, the IV-D Program's responsibility pretty much ends there and the——

Mr. LEVIN. What do you think should happen within the AFDC system?

Mr. GRUBBS. That is not my area of expertise. Obviously, I think in some of those situations clearly, if it is a family in need, they have to be taken care of, but it is not simply going to come through child support enforcement. If we do not have a father, then we are not going to be able to establish child support and provide that family with the support that they need.

Mr. LEVIN. Thank you.

Chairman SHAW. The time of the gentleman has expired.

Mr. Johnson, Mr. Liederman on the prior panel was referring to some statistical information coming out of Wisconsin. I do not know whether you heard his testimony. In looking to the way the Congress should be talking about getting things down to the local level, are you seeing that cooperation in your State?

Mr. JOHNSON. Mr. Chairman, we are beginning to see it now. We had a situation, a political situation in our State 8 years ago where a legislative session came to a bitter impasse over reforming AFDC and other welfare programs, whether to cut some benefits and pro-

vide greater incentives with that money, or whether to just increase benefits and give more money to more people more quickly.

The Governor's recommendation was to appoint a 10-member blue ribbon bipartisan commission, appointing people from the far left and the far right to look at AFDC welfare reform. I was asked to cochair that commission, and it was expected, because we spanned the spectrum that there was no chance over the 5 months we had hearings to come to an agreement. We came to the unanimous agreement on how we thought AFDC should be reformed within our State. It was not a compromise where everybody grudgingly gave things. It was an enthusiastic agreement. It took us about 6 years to get the waivers from the Federal Government, and we approached the Federal Government on a very bipartisan basis.

Chairman SHAW. Your Governor, by the way, has been very active in helping to form a—

Mr. JOHNSON. Our Governor is now very supportive of the Minnesota Family Investment Program. He has had some other welfare reform initiatives that, quite frankly, at the logical level we have not been enthusiastic about, that we thought did not reflect what was really going on in the cities and counties. He is a very strong supporter of the Family Investment Program now.

When he was at the President's meeting on welfare reform over the weekend, he very strongly supported it. It works in our State. We know what works in our State. And when we talk about flexibility, this is the kind of program that I think will work in most States. I am not going to say it is going to work in every State. What we are doing is targeting our likely long-term recipients. In our State, the numbers are a little bit different from the national averages.

We know that in our State most people use AFDC exactly the way it was intended, that they come on, they use it for 2 to 3 years, they stabilize their families, they work their way off, they marry their way off or they get off of it. So let us not put a whole lot more money and resources into that group. Let us put our resources into the likely long-term recipients who over a 20-year period of time eat up most of the benefits and are not becoming self-sufficient.

That is where the Minnesota Family Investment Program tries to put our resources, not to skim the cream, not to help somebody who is likely to get off in 24 months to get off in 23 months, but to take the person who is very likely to be a long-term recipient and provide the resources, provide the expectation. We do not think there is anything wrong in our State to expect an able-bodied person to do something in exchange for a government check, and that is the essence of the Family Investment Program.

Chairman SHAW. I was in that meeting with your Governor and he was a very active participant, and I might say, very proud of what you all are doing in Minnesota, as was Governor Thompson of Wisconsin. I think you are going down parallel tracks and working the same way.

What effect has the imposition of the new welfare standards had, if any, on the poverty rates in Minnesota?

Mr. JOHNSON. I do not have any statistical evidence, but in our State the poverty rate depends more on how strong our economy is, than it does on almost anything else. The best welfare program

of all, in my opinion, is a booming economy. That is the best welfare program. But we do not always have a booming economy, and even in a booming economy there are people who need additional assistance.

Chairman SHAW. Thank you.

Mr. Camp.

Mr. CAMP. No questions, Mr. Chairman.

Chairman SHAW. Thank you very much. I appreciate this panel. You have done an excellent job for us and contributed much to our efforts. Thank you very much.

If the next panel would come up to the desk, we have Erica Tollett, who is senior public policy analyst of the National Black Child Development Institute, Inc.; Hon. Ed Austin, mayor of the city of Jacksonville in my home State of Florida, on behalf of the National League of Cities and the Florida League of Cities; Hon. Robert Gaffney, county executive of Suffolk County, New York, who will be accompanied by one of our freshman members, Mr. Forbes; Robert Fersh, president of the Food Research and Action Center; and Sharon Darling, founder and chief executive officer of the National Center for Family Literacy.

We have each of your written testimonies which will be made a part of the permanent record of this hearing. You may summarize or proceed as you wish.

Ms. Tollett.

STATEMENT OF ERICA E. TOLLETT, SENIOR PUBLIC POLICY ANALYST, NATIONAL BLACK CHILD DEVELOPMENT INSTITUTE, INC.

Ms. TOLLETT. Good morning, Chairman Shaw and Members of the Subcommittee.

I am Erica Tollett and I am senior public policy analyst for the National Black Child Development Institute located here in Washington, DC.

These hearings are important, because the Federal Government can make a positive difference in the lives of people. For example, Federal antipoverty programs initiated in the sixties reduced the country's poverty rate from 22.2 percent in 1960 to 12.8 percent in 1968. Poverty influences family formation, causes poor health and creates conditions for crime and violence. The best way to end poverty is with a good paying job. Good paying jobs would greatly reduce the need for welfare in America. Employment builds self-esteem which enables parents to do a better job in their role as parents.

We at NBCDI agree that improvements are needed in the current welfare system, and we have three suggestions for improving it. Congress must lead efforts to create jobs. States must require parents to participate in long-term parenting programs, and early childhood education and child care programs must be expanded.

Although a reformed welfare system must emphasize work, Congress must address the need to create jobs to enable people to work, especially African-Americans. We were pleased to note that, for the first time since 1974, the black unemployment rate for the month of December 1994 was in single digits, at 9.8 percent. How-

ever, the average unemployment rate for blacks in all of 1994 was 11.5 percent, compared to 5.3 percent for whites.

Our work at NBCDI indicates that you do not have to "cajole, lure or force adults off welfare and into paid employment as quickly as possible," as stated in the Personal Responsibility Act. Adults want to work. Legislative language must be written in a way that does not demean poor Americans.

Double digit unemployment and a 33-percent poverty rate have greatly diminished the health and well-being of too many African-American families in this country. Families in our urban areas are experiencing the distress of unemployment and poverty that rivals floods, Earthquakes and hurricanes. The unemployment rate of blacks should be at least cut in half.

Many jobs could be created in our cities, such as working in the health care field, work crews to repair public housing, remodeling housing and child care. Mothers in our Spirit of Excellence Parent Empowerment Program, which we call PEP, have expressed an interest in these jobs. Our PEP Program provides life skills, parenting skills and child development information to young low-income parents of children from birth to age 3 here in Washington, DC. Of course, as jobs are created, the need for training becomes important.

So when parents are equipped, educated and employed, their children grow and thrive. Based upon our PEP Program, we believe that in a reformed welfare system, States should require parents to participate in a parenting program when they apply for benefits, and programs must be long term.

While PEP initially focused on the mother, many fathers, uncles and grandfathers have become involved. Fathers need support groups. We also need more onsite child care centers in public housing and poor urban and rural settings. No matter what the income level, when parents are comfortable with their child care arrangements, they are able to stay more focused on their job or school obligations, and their confidence as parents is increased, as well as their productivity as workers.

High quality early childhood experiences form the foundation for the healthy development of children. Strengthening family life should be one of the most important policy goals for Federal, State and local governments. We know that the overall well-being of children is very much influenced by parental education and family income. Employment, parenting programs, and child care are basic elements to strengthening family life. Children cannot be separated from the circumstances and the needs of their parents when policies are developed for children and families.

So there is more leadership that is needed at the Federal, State and local levels to at least cut in half the unemployment rate experience by African-Americans, and we need to reduce the high poverty rate among African-Americans.

Finally, there must be special attention to the circumstances of African-American men. While it is necessary to emphasize paternity establishment and child support enforcement, it is also important to recognize that children need empowered fathers. A reformed welfare system must support the role of fathers.

Chairman SHAW. Ms. Tollett, I hate to interrupt. The balance of your statement will be certainly made a part of the record.

Ms. TOLLETT. Thank you very much.

[The prepared statement follows:]

**TESTIMONY OF ERICA E. TOLLETT
NATIONAL BLACK CHILD DEVELOPMENT INSTITUTE**

Chairman Shaw, I am Erica E. Tollett, Senior Public Policy Analyst for the National Black Child Development Institute (NBCDI) located in Washington, D.C. The mission of NBCDI is to improve the quality of life of African American children, youth and families through direct services, public education programs, leadership training, and research. The Institute is 25 years old and has a network of 42 volunteer affiliates across the country.

These hearings are important because the federal government can make a positive difference in the lives of people. For example, federal anti-poverty programs initiated in the 1960s reduced the country's poverty rate from 22.2 percent in 1960 to 12.8 percent in 1968. Poverty influences family formation, causes poor health, and creates conditions for crime and violence. The best way to end poverty is with a good paying job. Good paying jobs would greatly reduce the need for welfare in America. Able-bodied men and women should work. Employment builds self-esteem which enables parents to do a better job in their role as parents.

We agree that improvements are needed in the current welfare system. As a children's organization concerned about the well-being of children and families, an improved welfare system will have important benefits for the healthy development of the more than 9 million children in families receiving Aid to Families With Dependent Children (AFDC).

We have three suggestions for improving the current welfare system.

1. Congress must lead efforts to create jobs.
2. States must require parents to participate in long-term parenting programs.
3. Early childhood education/child care programs must be expanded.

CONGRESS MUST LEAD EFFORTS TO CREATE JOBS

Although a reformed welfare system must emphasize work, Congress must address the need to create jobs to enable people to work, especially African Americans. We were pleased to note that for the first time since 1974 the Black unemployment rate for the month of December 1994 was in single digits, at 9.8 percent. However, the average unemployment rate for Blacks in 1994 was 11.5 percent compared to 5.3 percent for Whites.

Our work at NBCDI indicates that you do not have to "cajole, lure, or force adults off welfare and into paid employment as quickly as possible," as stated in the Personal Responsibility Act. Adults want to work. Legislative language must be written in a way that does not demean poor Americans.

Double-digit unemployment in addition to a 33 percent poverty rate have greatly diminished the health and well-being of too many African American families in this country. Families in our urban areas are experiencing the distress of unemployment and poverty that rivals floods, earthquakes, or hurricanes. The unemployment rate of Blacks should be at least cut in half.

Many jobs could be created in our cities, such as work in the health care field; work crews to repair public housing; remodeling housing; and child care. Mothers in our Spirit of Excellence Parent Empowerment (PEP) program have expressed an interest in these jobs. PEP provides life skills, parenting skills, and child development information to young low-income parents of children from birth to age three here in Washington, D.C.

Of course, as jobs are created, the need for training becomes important. In our PEP program, we have found that many of the participants would benefit from on-the-job training.

PARENTING PROGRAMS MAKE A DIFFERENCE IN THE LIVES OF CHILDREN

When parents are equipped -- educated and employed -- their children grow and thrive. Parents need support, information, and opportunities to make their lives meaningful and productive. Based upon our PEP program we believe that in a reformed welfare system, States should require parents to participate in a parenting program when they apply for AFDC benefits. Programs must be long-term. A State would not accomplish very much with a program that ran for six weeks for example. Parents have been participating in the PEP program for more than a year now and they are still involved.

While PEP initially focused on the mother, many fathers, uncles and grandfathers have become involved. Fathers need support groups. Currently, PEP groups have both male and female participants.

Parents need the support they can receive from an on-going program that helps them manage their lives. Parents who are informed and prepared have less stress and better self-esteem than unequipped parents. Strategies to reinforce family life should be included in a reformed welfare system.

EARLY CHILDHOOD EDUCATION IS IMPORTANT TO FAMILIES

We need more on-site child care centers in public housing and poor urban and rural settings. No matter what the income level, when parents are comfortable with their child care arrangements they are able to stay more focused on their job or school obligations. Consequently, their confidence as parents is increased as well as their productivity as workers.

High quality early childhood experiences form the foundation for the healthy development of children. Early childhood education should be considered as essential for children as public education. All working parents benefit from quality child care.

CONCLUSION

Strengthening family life should be one of the most important policy goals for federal, state, and local governments. We know that the overall well-being of children is very much influenced by parental education and family income. Employment, parenting programs, and child care are basic elements to strengthening family life. Children cannot be separated from the circumstances and the needs of their parents when policies are developed for children and families.

More leadership at the federal, state and local levels is needed in order to at least cut in half the unemployment rate experienced by African Americans. Furthermore, serious efforts to reduce poverty experienced by 10.877 million African Americans, including 5.125 million Black children under 18 years of age must become a priority.

Finally, there must be special attention given to the circumstances of African American men. While it is necessary to emphasize paternity establishment and child support enforcement, it

is also important to recognize that children need empowered fathers. Children are better off physically, emotionally, socially and educationally when both of their parents are actively engaged in their lives. A reformed welfare system must support the role of fathers.

Thank you for this opportunity to offer testimony to the Subcommittee. The National Black Child Development Institute looks forward to working with members of the Subcommittee and staff on ways to help ensure that welfare reform legislation supports children and families.

Chairman SHAW. Thank you.
Mayor Austin.

**STATEMENT OF HON. ED AUSTIN, MAYOR, JACKSONVILLE,
FLORIDA, ON BEHALF OF THE NATIONAL LEAGUE OF CITIES
AND FLORIDA LEAGUE OF CITIES**

Mr. AUSTIN. Mr. Chairman and Members of the Committee, my name is Ed Austin and I am mayor of the city of Jacksonville, Florida, and I am testifying today on behalf of the Florida League of Cities and the National League of Cities on the important issue of welfare reform.

Mr. Chairman, I have submitted the league's written statement for the record and, if I may, I will summarize briefly the contents of that statement.

I have been mayor of the city of Jacksonville for only 3½ years, but before that I served for over 25 years as the chief prosecutor and earlier as a public defender in northeast Florida.

Over the course of my career in the courtroom, I watched the explosion of crime and the weakening of the American family. Both juvenile and adult offenders typically came from single-parent or no-parent homes, dropped out of school, often grew up in public housing and did not receive the nurturing, care and parental love necessary for normal development in a competitive society.

Mr. Chairman, in my judgment, all of this is largely the result of the current welfare system. Are there other causes? Of course there are. But this is a cause that we can address and eliminate now.

Members of the Florida League of Cities and the National League of Cities agree that, first and foremost, the current welfare system is a failure and must be fundamentally transformed. We believe the system perpetuates the cycle of poverty and the breakdown of the American family. The direct and indirect cost to society make welfare reform an imperative for this Nation and its cities, and we applaud the efforts of this Congress and the administration to undertake this difficult task.

As your deliberations continue, we implore you to keep one thing in the forefront of your minds and that is that you include local governments at the table of debate throughout this process. We want to help. We want to be a part of building a better system. We are on the front lines of service delivery and we can do the most for our citizens directly.

If you want a system that works, send the money directly to local governments and let us run the program, because I will guarantee you this: Regardless of the amount you spend, we will produce far better results with locally run welfare programs. The key is, however, not to tie the hands and deny us the freedom of innovation and ingenuity necessary to develop local solutions to local problems.

Let me digress and say here that some State agencies are masters at the art of legally tying hands at the local level.

Beyond this issue, there are several other issues that we hope that you will address in this legislation. Unfunded mandates take many forms. The enactment of a Federal welfare program that leaves families destitute and without employment skills and sup-

portive services would continue with unfunded mandates at the local level. If enacted and implemented in a thoughtful fashion, welfare reform would include education and training necessary to compete in an increasingly challenging world. It would also include the removal of incentives that discourage work, as well as initiatives to promote personal and parental responsibility.

For low-income people and children, entitlements are by design safety net programs to provide basic necessities. Discretions of caps, block grants, and other slash funding for entitlements must take into account the safety net aspects of these programs.

The League of Cities respectfully submits that measures that would deny benefits to children whose paternity has not been established or to those born to unwed or young mothers would not be the most responsible way to reform the welfare system. Arbitrarily denying benefits to children in need would force local governments into new unfunded programs. However, if you do ban cash payments, give those funds to the local governments so that we can provide services to the people that need the services.

Separating myself from the league for just 1 minute—and the league is working very feverishly and will have a stated position on this point shortly—let me say that one of the best things in my judgment that you can do to reform the welfare system is what I just mentioned, and that would be to ban cash payments. People do not like to hear it, and I know people do not like to hear it. But we have got to stop young and unwed men and women from producing babies and stop them from purposely separating themselves from each other and their children in order to receive cash payments.

Chairman SHAW. Mayor, I am afraid I am going to have to interrupt you here. The rest of your statement will be made a part of the complete record.

Mr. AUSTIN. I would like to thank you for hearing me. I had another 30 seconds. I was winding down. I did not understand the protocol and I apologize. I thank you very much. We want to work with you in getting this job done.

Chairman SHAW. You did just fine. All of us in public office tend to go on.

Mr. AUSTIN. I can assure you that mayors take advantage of that, too.

[The prepared statement follows:]

**TESTIMONY OF HON. ED AUSTIN, MAYOR, JACKSONVILLE, FLA.
NATIONAL LEAGUE OF CITIES AND THE FLORIDA LEAGUE OF CITIES**

Mr. Chairman and members of the Subcommittee, my name is Ed Austin and I am the Mayor of Jacksonville, Florida. I am very pleased to be before this Subcommittee today testifying on behalf of the Florida League of Cities and the National League of Cities on the very important issue of welfare reform.

I would like to begin by telling the Subcommittee something about Jacksonville, Florida. Last year, we received 42,000 requests for emergency assistance - requests for public housing, medical care and the like. However, we only had funds for one-third of those requests. That is unfortunate.

We do great work in Jacksonville, providing services to those who need them most. Our city run day care, homeless assistance and nutrition programs and our private industry council are all national models.

I believe that the best thing Congress can do to help localities like Jacksonville enhance these programs is to reduce the rules and regulations that come attached to the funds you send us. For I believe that a great deal of the money appropriated at the federal level for welfare programs is wasted on the administration - and not the execution - of these initiatives. The National League of Cities will be asking its Human Development Committee to review this concept as a policy option in the next month or so.

What we can all agree on now, Mr. Chairman, is that block grants to the states will not adequately transform our current welfare system. As is noted later on in my testimony, the local governments are on the "front lines" of service delivery and that is where the funds must be directed. State governments are no better than the federal government at allowing local autonomy. It has long been a mystery why Washington and Tallahassee collect our local tax money, attach strings to it, and then return it back to us. Such a bureaucracy stymies innovation and creative problem solving.

Therefore, as your deliberations continue, it is critical that local governments be included in the reform debate. We are anxious to maximize our ability to meet the needs of our citizens by utilizing the appropriate resources and without unfair shifts in burden from the federal and state governments.

Members of the Florida League of Cities and the National League of Cities agree that the current welfare system is a failure and must be fundamentally transformed. But while most in the administration, Congress and the states have perceived welfare reform as a federal-state issue, no level of government has nearly as critical a stake as local governments. As you will remember, Mr. Chairman, families on welfare live in cities in increasing concentration, and failures in the system - or any new system - will impose disproportionate burdens on cities.

Economic changes in cities over recent decades have worsened the

living conditions of the poor. Local officials continue to express grave concern over the growth of poverty in our nation's cities. Over the years, it appears as though the federal response to poverty in America's cities has focused less on poverty reduction and more on assisting the poor to survive in poverty through income maintenance, food stamp programs and housing programs. As you all know, these programs fall far short of reaching all those in need and tend to perpetuate the cycle of poverty in families. Among other measures, meaningful reform of the nation's welfare system is necessary to address and reduce widespread poverty in cities. We applaud efforts of Congress and the administration to undertake this difficult task.

The growing disparities between central cities and suburbs dictate a joint federal-state-local strategy to end the current welfare system as we know it. While we more than appreciate the role the federal and state governments must play in developing welfare reform legislation, local government officials, on the "front

lines" of service delivery in our nation's communities, are also crucial to the development of any successful welfare reform proposal. Local leaders, and the people who reside in their communities, will suffer most severely from the failure to enact effective reform.

True reform to improve self-sufficiency is a complex undertaking and is not simply about reducing benefits. True reform is about facilitating the transition from welfare to work and, through education and training and supportive services, ensuring that individuals are able to obtain and maintain their jobs. The need for education and training, child and health care, access to transportation and living wages is universal to all working families, regardless of income. More importantly, true reform must reconstitute the traditional family - which is the best tool to prevent crime, improve productivity and encourage independence.

The Florida League of Cities (FLC) and the National League of Cities (NLC) ask that this Subcommittee consider the following principles and policy recommendations as it begins its markup of the Personal Responsibility Act. And let me say that my office, the FLC and NLC would be very happy to work with the Subcommittee to ensure that these principles and policy recommendations are reflected in the legislation voted out of the Subcommittee and ultimately enacted by Congress.

New Federalism: The leaders of the nation's cities and towns recognize that it is time for a significant change in governance and in the role of the federal government. We support fundamental changes to reduce federal deficits and to realign government so that it is more effective and accountable. The FLC and NLC believe that a streamlined and more flexible intergovernmental system would offer significant opportunities for cities and towns to develop

more innovative and cost effective methods for delivering programs, services and financing infrastructure. This would also enhance public involvement and restore public confidence in government. Any such effort must go hand-in-hand with a partnership of balancing the decision-making responsibilities among local, state, and federal leaders.

Congress and the administration have pledged to streamline government, balance the federal budget, and shift responsibilities to the states, municipalities and the private sector. To be credible, this will require cuts, policy changes, and new block grants to fund remaining programs. However, the FLC and NLC would urge that any federal program reassessments ensure that the federal government does not completely desert national responsibilities, such as welfare, and therefore create inequities to individuals and disparities between local governments. Moreover, any effective federal, state and local partnership should prohibit state program responsibilities from being satisfied by the imposition of state mandates on local governments if the federal government relinquishes entire functional areas to states, for example, through the mechanism of block granting.

Unfunded Mandates: The enactment of a federal welfare reform program that leaves families destitute, and without employment skills and supportive services, would constitute an unfunded mandate on localities. If enacted and implemented in a thoughtful fashion, welfare reform would include education and training necessary to compete in an increasingly challenging work world, the removal of work disincentives, and initiatives to promote personal and parental responsibility. However, if it is done carelessly, welfare reform legislation could greatly increase the number of homeless, destroy families, put children at great risk, and increase crime within local communities. It would represent an abdication of responsibility at the federal and state level to local governments, but without resources to fill the void. Moreover, the shift of burdens would accelerate disparities between communities.

For example, a number of years ago, the federal government proposed the laudable goal of de-institutionalizing those individuals it felt could live a better quality of life and more cost effectively within a community, if provided social and supportive services. However, the federal and state governments failed to adequately include local leaders in the decision-making process about the level of services needed to appropriately integrate these individuals into communities. Ultimately, the inability of federal and state governments to provide the necessary level of services forced local governments - alone - to contend with the resultant homelessness, crime and overall decline in quality of life for these individuals and neighboring residents. In order to prevent this from occurring once again, local leaders must continue to be involved in the welfare reform debate.

Entitlements: Entitlements, especially means-tested entitlements for low income people and children, are, by design, safety net programs established to provide the most basic necessities to all those that meet basic standards of need. Entitlements, such as AFDC and food stamps, are meant to respond to economic downturns and recession and the resultant increase in unemployment and poverty. Discussions to cap, block grant or otherwise slash funding for entitlements, as provided for in the Personal Responsibility Act, fail to take into account the crucial safety net aspects of these programs, and must be closely examined before any such measures are undertaken.

For example, in a U.S. Department of Health and Human Services hypothetical example of an AFDC block grant proposal similar to the block grant option set forth in the Personal Responsibility Act, in FY 1993, the state of Florida would have lost \$315 million dollars or 61 percent of its AFDC funding. In a similar example provided by the U.S. Department of Agriculture, in FY 1996, Florida's level of food assistance under the Personal Responsibility Act would fall \$389 million dollars or 18 percent.

The impact of these losses would most definitely be felt in Jacksonville and in other local communities, where responsibility for safety net protections would shift directly from the federal government to local governments that are without resources to offer community residents the protections they deserve.

Block Grants/Budget Reduction: Proposals, such as those suggested by the governors, to consolidate a number of categorical and entitlement programs into block grants to the states, at substantially reduced funding levels, might reduce the federal budget deficit, but will make it more difficult for local governments like Jacksonville to achieve the purpose of welfare reform, which is to help people obtain self-sufficiency. Members of the FLC and NLC, however, welcome the opportunity to explore consolidation of certain categorical programs into highly flexible, adequately funded block grants given directly to local governments where service delivery decisions are most effectively made. To the extent proposals continue to take the direction of block grants to the states, we must make sure that such proposals include adequate protections for local governments and the people that reside in their communities. These protections could be provided in the legislation by including: adequate targeting provisions to local governments, so that we are not entirely overwhelmed by the ensuing cost shifts; provisions that require consultation and sign-off by local officials in determining amount and direction of funds; state maintenance of effort provisions to ensure that states continue their current contributions to welfare related programs; block grants which are capable of increasing from year to year; and the ability of funds to be transferred between block grants.

Moreover, to the extent that federal deficit reduction is a goal of

welfare reform, all budget elements -both means tested and non-means tested entitlement programs, tax expenditure revenues, and discretionary spending - must be on the table for any credible and equitable deficit reduction effort.

Specific Benefit Curtailments: Measures to deny cash benefits to children whose paternity has not been established or to those born to unwed teenage mothers or mothers in their early 20's may not be the most responsible way to reform the welfare system. An overriding purpose of welfare (AFDC) is to provide children born into poverty, through no fault of their own, with a basic level of subsistence. However, the impact of proposals to arbitrarily deny benefits to children in need unfairly disadvantages the children and represents an overt abrogation of federal and state responsibilities for residents of local communities. These mothers and their children may be forced to rely on the emergency services provided by their local governments. Local governments' services would be without the increased resources to handle the increased need. But, more essentially, the disinvestment in these children is almost certain to lead to higher levels of school drop-outs, crime, drugs, and unemployment later on - affecting federal, state and local budgets. However, if the Subcommittee determines that cash payments must be banned, we would urge that savings be given directly to local governments so that we can provide the necessary and appropriate services.

Legal Immigrants: Both the FLC and NLC oppose proposals to deny benefits to legal immigrants, simply because of their immigrant status, as a means of financing welfare reform. The large number of legal immigrants who are not yet eligible for citizenship, or unable to pass the test for citizenship, will not return to their native lands, but will continue to reside in local communities. Responsibility for caring for these persons will shift from the federal and state governments to the local government. Moreover, singling out legal residents for exclusion from assistance, such as public health benefits, is short-sighted and dangerous for both the citizen and immigrant populations because it is likely to increase the spread of disease within local communities. In addition, denying benefits to legal immigrants is almost certain to force many of these intending Americans into illegal activities in order to support their families.

In addition to these general principles for reform, the FLC and NLC support welfare reform measures that incorporate the following specific policy recommendations:

Teenage Pregnancy: A concerted effort by all levels of government is needed to combat the epidemic of teenage pregnancy and child-bearing in the United States. The emphasis of such efforts must be on the prevention of pregnancy. The high incidence of pregnancy among teens from poor families suggests a causality rooted in despair and a lack of opportunities for both

teenage men and women. Ultimately, improved prospects for career and job opportunities and disincentives to have children will motivate poor teenagers to postpone parenthood. To help combat this problem, the federal government should consider funding pilot and demonstration programs targeted to at-risk teens, particularly young women. Enhancement of summer and year round youth employment programs, linked to staying in school, would also help to provide incentives.

Parental Responsibility/Child Support: Increases in poverty among families headed by women are attributable, in some measure, to the lack of child support on the parts of absent fathers. Estimates are that less than half of all fathers pay child support, and only half of them pay in full. At birth, every child should have both parents' identity established. From birth until adulthood, the financial support of children should be the automatic responsibility of both parents.

Stronger policies of enforcing child support are necessary to help parents adequately care for children. In 1990, the National Commission on Children estimated that an efficient, effective child support system could yield approximately \$24 to \$29 billion per year, up to four times the amount now collected. Unpaid child support obligations significantly increase the caseload and financial costs of the full array of local and federal poverty-related programs, because individuals who otherwise would be able to maintain a level of self-sufficiency with proper child support payments are forced onto AFDC and other poverty programs.

The FLC and NLC support legislative proposals that would:

- strengthen collection methods and enforcement procedures including: federalizing collection and distribution systems; reporting to credit agencies non-custodial parents who have not paid child support; using the IRS to enforce collections; making it a crime to cross state lines to avoid paying child support; and starting a national data bank on non-payees;
- establish national guidelines for determining the amount of support orders;
- improve paternity establishment procedures;
- provide demonstration/outreach funds for training and employment services and parenting skills to chronically unemployed, non-custodial fathers of children on AFDC;
- improve gender equity in custody and visitation.

Welfare-to-Work Initiatives: To be successful, welfare-to-work programs must consist of a variety of options designed to: (1) meet the diverse and often complex needs of families and children; and (2) provide families and children with choices of avenues to self-sufficiency. Such options should include: basic and remedial education, with an emphasis on literacy; vocational, technical and higher education; English language training; skills

training; work experience; job search and placement assistance and entrepreneurial opportunities. Effective counseling of family members should begin with enrollment in a welfare-to-work program and continue after placement in a job.

In addition to programmatic options, welfare-to-work initiatives must provide essential supportive services to families. Day care for children, transportation to and from work, housing support, and health care for participants and children are the most essential services to be provided and must be continued for a period of time after job placement, as wages increase to a family sustaining level.

We in Jacksonville are fortunate to be home to Florida Community College (FCC) and its Urban Resource Center (URC). Programs at both the college and the URC have made a tremendous impact on our community. Their education and training and workforce integration initiatives are making a noticeable dent in Jacksonville's impoverished population. In addition, for those who need it, FCC and the URC provide day care and transportation services. These programs are tailored after our needs and conform to the economic activity present in our city. Their success speaks to the ability of localities to best serve their citizens and should underscore the need for additional access to federal dollars. Not necessarily more money - but increased freedom to get at it and use it.

Work Should be Available: All family heads who can work should have access to full-time work. Federal trade policies, business incentives, etc., need to be assessed in terms of their impact on the structure of the American job market. Community service jobs should only be offered as a last resort to those who, after an aggressive job search, still cannot find work in the regular economy.

Work Should Pay: Full-time work should provide enough earnings - and, if need be, earnings supplements, including an expanded Earned Income Tax Credit - to get all families out of poverty and to relieve more low income families of tax obligations. Moreover, to assist working poor women in particular, every effort should be made to eliminate sex segregation in jobs, as well as in vocational education and career counseling.

Marriage Should be Rewarded: There should never be a tax penalty or AFDC penalty for getting married or staying married. Children will be better off.

Finally, federal policies should be assessed in terms of their effects on work and family, especially poor families. Such assessments, including recommendations for revising such policies, should be done in areas as diverse as transportation, trade policies, vocational education, entitlements and mandatory

spending, and housing subsidies.

In closing, I would just like to say that both the Florida League of Cities and the National League of Cities would be happy to work with members of this Subcommittee to make the Personal Responsibility Act a bill which would help families to rise out of poverty by providing incentives and opportunities for work and, at the same time, ensure that costs are not shifted on to local communities.

Thank you, Mr. Chairman, for providing me with the opportunity to testify here today. I would be happy to answer any questions that any member of the Subcommittee might have.

THE NUMBER OF EMPLOYABLE RECIPIENTS ON SUFFOLK COUNTY'S WELFARE ROLLS DROPPED BY 24 PER CENT...A TOTAL OF 2,458 PERSONS. SUFFOLK COUNTY'S A.F.D.C. AND HOME RELIEF COSTS FOR 1994, FOR THE FIRST TIME IN RECENT MEMORY, DROPPED. OUR PUBLIC ASSISTANCE COSTS WENT DOWN BY \$5.8 MILLION DOLLARS GROSS, THE COUNTY'S SHARE OF WHICH CAME TO \$1.85 MILLION DOLLARS.

SUFFOLK COUNTY'S OVERALL A.F.D.C. AND HOME RELIEF CASELOAD DROPPED BY 9.7 PER CENT IN 1994, OR A TOTAL OF 1,737 CASES.

THE NUMBER OF CLIENTS ACTIVE IN WORKFARE ASSIGNMENTS IN 1994 ROSE 35 PER CENT ABOVE THE TOTAL REACHED IN 1993.

IN DOLLAR AMOUNTS, SUFFOLK'S A.F.D.C. AND HOME RELIEF BUDGETS IN 1994 GENERATED A \$15.1 MILLION DOLLAR OVERALL SURPLUS, \$4.9 MILLION OF WHICH WERE LOCAL DOLLARS.

THESE SAVINGS WILL BE UTILIZED BY THE COUNTY TO REDUCE PROPERTY TAXES, TO EXPAND TRANSITIONAL DAY CARE, AND FOR HEALTH BENEFITS FOR "SUFFOLK WORKS!" PARTICIPANTS.

I FEEL THAT THE STATISTICS I HAVE JUST PROVIDED YOU WITH CLEARLY INDICATE THAT OUR PROGRAM, "SUFFOLK WORKS!"...WORKS!

THERE MAY BE SOME WHO SAY THAT THE JOBS WE ARE PLACING PEOPLE IN ARE MINIMUM WAGE POSITIONS. THIS IS SIMPLY NOT SO. IN FACT THE AVERAGE WAGE EARNED BY OUR FORMER CLIENTS IS OVER \$7 DOLLARS AN HOUR.

AS IMPRESSIVE AS OUR SUCCESSES HAVE BEEN, I FEEL THAT THEY WOULD BE EVEN GREATER, WITH SOME ASSISTANCE FROM THE FEDERAL GOVERNMENT.

WE ARE PREPARING TO ASK THE FEDERAL GOVERNMENT TO GRANT WAIVERS IN TWO AREAS.

FIRST, WE WOULD LIKE TO SEE A WAIVER TO THE STATES ALLOWING THEM TO ELECTRONICALLY FINGER-IMAGE A.F.D.C. RECIPIENTS.

WE ARE ALREADY FOLLOWING THIS PROCEDURE WITH HOME RELIEF RECIPIENTS...THE NATURAL NEXT STEP WOULD BE TO EXTEND THE PROGRAM TO A.F.D.C. CASES.

SECONDLY, WE WOULD LIKE TO SEE WAIVERS GRANTED THAT WOULD LET STATES ESTABLISH RESIDENCY REQUIREMENTS BEFORE A PERSON COULD APPLY FOR PUBLIC ASSISTANCE BENEFITS. AT PRESENT, ALL A PERSON HAS TO DO IS CROSS OVER THE STATE LINE INTO NEW YORK, GO THE NEAREST SOCIAL SERVICES OFFICE, AND SIGN UP FOR BENEFITS.

A RESIDENCY REQUIREMENT WOULD CERTAINLY CUT DOWN ON SUCH INCIDENTS.

LET ME SAY THAT IN SUFFOLK COUNTY WE HAVE MADE TREMENDOUS STRIDES IN THE AREA OF WELFARE REFORM. IN FACT, I THINK WE COULD SERVE AS A MODEL FOR OTHER AREAS OF THE COUNTRY.

GOVERNMENT MUST PROVIDE FOR THOSE WHO CANNOT PROVIDE FOR THEMSELVES. THERE MUST ALWAYS BE A SAFETY NET.

BUT BEYOND THAT, I BELIEVE IT IS ALSO GOVERNMENTS' RESPONSIBILITY TO ASSIST THE PEOPLE IN LEADING PRODUCTIVE, FULFILLING LIVES.

MR. CHAIRMAN...MEMBERS OF THE COMMITTEE...THAT IS WHAT WE ARE DOING IN SUFFOLK COUNTY.

ONCE AGAIN, THANK YOU FOR GIVING ME THE OPPORTUNITY TO ADDRESS YOU THIS MORNING.

Chairman SHAW. Thank you.
Mr. Fersh.

**STATEMENT OF ROBERT J. FERSH, PRESIDENT, FOOD
RESEARCH AND ACTION CENTER**

Mr. FERSH. Thank you very much, Mr. Chairman. We appreciate very much the opportunity to testify this morning. I will speak primarily to the issue of the food assistance block grant proposals that are before the Committee.

I want to say at the outset that we work with all elements of the national community that work on food assistance programs, whether it is school administrators or health professionals in WIC or the business community, and we come today in a spirit of cooperation to help you make the wise decisions you need to make over the next few months. We want to work with you toward the goal that I know all of you share with us that no American go hungry.

Let me start by saying that 2 weeks ago I spent a few days in Kansas. It was a remarkable visit. I had dinner with eight State legislators, six Republican and two Democrat, the current Speaker of the House, the former Speaker of the House, and we had a remarkable dialog about the issues of food assistance in this country.

The next morning, I had the honor of meeting with the new Governor, Governor Bill Graves of Kansas, and we again dialoged on these issues. I accompanied local people who run food banks and soup kitchens and other services out in Kansas.

I want to simply say at the outset that my view of what was being said then was, at best, people were uncertain about whether they would be interested in these block grants. I think it would be more accurate to say that when it comes to the food assistance programs, there was deep concern about whether this was the way we ought to go.

Let me also say that while I was in Kansas I had a couple other remarkable experiences. I was there to help release a study of childhood hunger. The morning we held this press conference, it was at an elementary school, and the assistant principal made an impromptu appearance at the press conference. What she told us about was something that had happened in her office minutes earlier. A child had come in totally unsettled and crying. The assistant principal calmed her down and reached for a snack that she keeps in her office for just those occasions. In a few minutes, that child was settled down ready to go back to school and ready to learn.

What Trish Peters told us that day was that this underscored the incredible importance of the school breakfast program to make sure that children do come to school ready to learn. What she also said was that this was not an infrequent occurrence there. What people across the country tell us, school nurses, teachers and principals, is that this is a common occurrence.

I would like to present this as an example for you to keep in mind of the importance of supporting programs like this, because they are empowerment tools that down the road help lead to the children learning better and making the job of ending dependency in this country far easier.

Let me also say that while I was in Kansas, I met Shelly Turner, a mother of three, including one disabled child. She drives a school-

bus, but her salary alone does not allow her to make ends meet. She receives food stamps which, even if she limits the purchase of food toward the end of the month, often does not allow her to make ends meet. She often has to sell plasma in order to make ends meet and feed her family.

I raise that as an example, because I have a deep concern that if we move away from making sure that, if people are willing to play by the rules, that is, meet the requirements we place on them, we ought to insure that they can get benefits in this country. And it is the Shelly Turners of the world, who are the working poor, who I suspect will be the ones who could be most hard hit if there is not enough money to go around.

Let me now just make a few fundamental points. I appreciate your including my entire testimony in the record.

The first point is that the food assistance programs in this country work. They work individually and they work as a system. They are an example of federalism at its best. They certainly can be improved, and my testimony presents several important specific proposals to consolidate and streamline programs, deal with some of the fraud issues in the Food Stamp Program, and so on. But the basic structure of programs work and they have had a remarkable positive impact on the nutritional status of Americans.

The third key point is that these programs are empowerment tools. If you keep them in place, they will make easier work of achieving welfare reform objectives like reducing poverty. They are keys to success in education, crime prevention and maintaining adequate health care.

Since I see my time is dwindling, I want to make a point that you may be surprised to hear from me, but I think it is important for you to hear. The block grant in my view will be inherently unresponsive to need. But I have heard important points in the business community about concerns they have.

For instance, I have talked to food manufacturers who said they do not want to deal with 50 different State requirements for nutrition standards in the School Lunch Program or the portion sizes. They would like to be allowed to have one system to deal with. I have talked to food retailers who do not want 50 different Food Stamp Programs to run, for fear that the program benefits are cashed out and will undermine the health of inner-city stores and potentially undermine the health of inner-city communities.

Let me conclude by saying that we share concerns about reforming the current welfare system, but we urge you to separate the food assistance programs from welfare reform, and they should be maintained as part of any welfare reform that you enact.

Thank you.

[The prepared statement and attachments follow:]

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FOOD RESEARCH
& ACTION CENTER

**Testimony of Robert J. Fersh, President
Food Research and Action Center, before the
House Ways and Means Committee
Subcommittee on Human Resources
February 2, 1995**

I. Introduction

Thank you, Mr. Chairman and Members of the Committee, for the opportunity to testify today. As President of FRAC, I speak on behalf of a national, non-profit, non-partisan organization dedicated to alleviating domestic hunger. We serve as the coordinating agent for hundreds of national, state, and local organizations involved in the Campaign to End Childhood Hunger. My testimony will focus on food assistance issues before the committee.

At FRAC, we regularly are in touch with a broad range of individuals and groups concerned with the nutritional status of Americans. Our testimony today will reflect input from governors, state legislators, the business community, nutritionists, educators, health providers, state and local program administrators, program beneficiaries, and many others. Our hope is to provide important information and insight for the crucial deliberations your committee faces in the coming weeks.

We appreciate the enormity of the task you face. As you weigh what could be a dramatic change in approach to nutrition programs, a change that could shrink and potentially destabilize these programs, an appropriate place to begin is with an evaluation of their effectiveness.

I would like to begin by sharing with you some recent experiences I have had while travelling around the country. Two weeks ago, I was in Wichita, Kansas, for the release of a statewide study of childhood hunger sponsored by the local food bank and an interfaith organization. The event was held at Colvin Elementary School and the assistant principal, Trish Peters, was an impromptu participant in the proceedings.

Ms. Peters described an incident that had occurred just minutes before. A child was in her office, crying and wholly unsettled. Ms. Peters calmed her and then reached for some food she keeps in her office for just these occasions. Within minutes the child recovered and rejoined her classmates, ready to learn.

Ms. Peters went on to say how important the school breakfast and lunch programs are to the success of her school. Colvin Elementary serves primarily low-income children, and for some reason, the child in her office that morning had missed breakfast. Ms. Peters made clear that, in the absence of the breakfast program, this problem would be multiplied many times over on a daily basis. This incident in Wichita is not an isolated event. We are told by teachers, principals and school nurses that this is a daily occurrence across the country.

While in Wichita I also met Shelly Turner, a mother of three, including one disabled child. Shelly drives a school bus but her salary alone does not allow her to make ends meet. Shelly receives food stamps which, even with limited purchases of hot dogs, macaroni and cheese and cereal, often do not last to the end of the month. Some months, Shelly has had to sell plasma in order to make ends meet.

I present these stories because they put a human face on the programs I am about to discuss. It is important to understand that the "working poor" like Shelly Turner could be among those put in most jeopardy by proposals now under consideration to replace food assistance programs with block grants.

II. The Food Stamp Program

The Food Stamp Program provides a vital safety net for millions of poor families like Shelly Turner's. The Program is well-targeted to those most in need. Over 50% of food stamp recipients are children; over 80% of the benefits go to families with children. Two million poor elderly persons also receive food stamps. About 97 percent of all benefits go to families with incomes below the poverty line; 56% of the benefits go to families below *half* the poverty line. The average length of participation in the food stamp program is less than two years. Half of all new recipients stay on the program no more than six months, and two-thirds end participation within a year.

The Food Stamp Program ensures a basic adequate diet for families who find themselves in difficult circumstances. Consider the story of a family interviewed for our childhood hunger study in Texas. Michael was laid off from his job at a newspaper and has since gone through his savings and even sold some possessions in order to provide for himself, his wife and their three children. Michael now receives food stamps to help him provide adequate food for his kids. Without food stamps, Michael says, the family could be out on the street.

Thousands of families across the country have told us similar stories -- stories of how food stamps make the difference between having enough food and being hungry.

The Food Stamp Program works for these families because it is able to respond at times when the need is the greatest. During a recession, food stamp participation increases; when the economy improves, food stamp participation drops. For example, between June 1990 and June 1992, as the national unemployment rate increased from 5.1% to 7.7%, food stamp participation increased by more than 5 million. Now, as the economy strengthens, participation is steadily decreasing.

The Food Stamp Program also acts as an equalizer -- assuring that families receive adequate food no matter what state they live in. There are currently enormous disparities in AFDC benefits from state to state that cannot be explained by differences in the cost of living. Since food stamp benefits vary with income, they are low in states with high AFDC payments, while in states with low AFDC payments, the Food Stamp Program's federal dollars make up the difference.

Food stamps have been shown to improve the nutritional status of participants. Studies show that low-income households increase the nutrient value of the food in their house by 20%-40% when they receive food stamps. Studies also show that food stamp recipients buy fewer snacks and sweets than the general non-food-stamp population.

Finally, the Food Stamp Program brings federal dollars into poor communities. Without the business that food stamp recipients bring, many inner-city stores would not survive. Many food manufacturers across the country also rely on the billions of dollars food stamp households spend on food.

III. Other Nutrition Programs

Like the Food Stamp Program, other nutrition programs, such as the school meals programs, the Child and Adult Care Food Program and the elderly feeding programs play a vital role in protecting the health and well-being of our most vulnerable citizens.

Consider this story we recently heard from a day care center in New Brunswick, New Jersey, that participates in the Child and Adult Care Food Program: Four-year old Tabitha arrived at the day care center on her first morning there after a one-week Christmas break. The moment she walked into the center, her first words to the director, Mr. Harris, were, "When can I get my hot lunch?" This is an indication of how important CACFP-funded meals are to preschool children.

Similar testimony can and has been provided by people involved in the WIC program; people who feed children in family day care homes, and after-school settings; and people who care

for the elderly. They tell us: children who begin their day with a balanced meal and receive a nutritious lunch are more successful in school; mothers who enjoy a proper diet during pregnancy give birth to healthier babies; and elderly people are less frail, less isolated and are more likely to remain independent and stay out of institutional care facilities longer when they can eat a nutritious meal each day in a social setting.

Like the Food Stamp Program, each of these programs makes an enormous contribution and has achieved documented success:

- The WIC Program serves about 7 million Americans a month, including five million infants and children and 2 million pregnant or post-partum women. WIC reduces the fetal death rate by 20 to 33 percent, infant deaths, low birth weight, premature births and other maladies. WIC is associated with increased use of prenatal and pediatric health care, increased immunization rates, and potentially increased cognitive development. Various studies suggest that for each dollar spent on pregnant women in WIC, \$3 to \$4 in health care and other costs are averted.
- The National School Lunch Program serves about 26 million school children a day, including over 13 million from low-income households. Studies show that school lunch provides these children with one-third to one-half of their daily nutrient intake.
- The School Breakfast Program serves about 6 million children a day, of whom 87 percent come from low-income homes. Studies show that school breakfast is associated with higher performance in standardized test scores, and reduced tardiness and absenteeism. Teachers report far greater attentiveness in school.
- The Child and Adult Care Food Program (CACFP) serves about 2 million children a day, approximately half of whom come from low-income families. The 1994 Carnegie report, *Starting Points: Meeting the Needs of Our Youngest Children*, documents that the functioning from preschool through adulthood: "...hinges, to a significant extent, on their experiences *before* the age of 3." USDA studies have shown that CACFP improves the nutritional value of meals eaten by preschoolers in child care settings.
- The Summer Food Program provides meals to about 2 million children a day during the summer months. Virtually all participants are low income. Summer Food provides one-third of children's Recommended Daily Allowances for key nutrients.
- Elderly feeding programs serve 2.5 million people in congregate meal programs in senior centers, churches, and community locations. They also reach 820,000 frail elders with home-delivered meals. About half of the beneficiaries of these programs are low income. Research on these programs demonstrates that participating improves the nutritional intakes of older people.
- TEFAP provides commodities millions of people, including those not served by the Food Stamp program and many Food Stamp recipients who run out of food before the end of the month. TEFAP commodities account for 12.9 percent of the food distributed through the Second Harvest Network of food banks. Children and the elderly make up a significant portion of emergency food clients.

IV. Overall Effects of Nutrition Programs on Health and Nutrition

There is a wealth of statistical and analytical information that supports what people on the front lines tell us about the effectiveness of these programs. The bottom line is that the individual food programs work and they work together as a system.

Thirty years ago, strong evidence of widespread hunger and undernutrition emerged in this country. The federal government already had established the National School Lunch Program as a matter of national security in 1946. Now it stepped in again, supported by both Republican and Democratic administrations and bipartisan coalitions in Congress, to address this problem in partnership with state and local governments and community-based organizations.

Overall, the effect has been:

- a significant decrease in growth stunting (low height for age — a key measure of chronic undernutrition);
- a reduction in the prevalence of anemia;
- and an improvement in dietary intake.

While problems of hunger and undernutrition remain, the federal programs have made an enormous difference. These programs represent federalism working at its best. They are voluntary programs that state and local governments, education districts and community organizations are choosing to utilize in increasing numbers all the time. Over ninety percent of our nation's schools offer the school lunch program because local school boards, administrators, and communities recognize its effectiveness. Programs like school lunch have appropriate national standards that allow flexible local implementation.

These programs create no "unfunded mandate". To the contrary, the federal food dollars often serve as "seed money" which leverages additional contributions of state, local and private money and volunteer time to deliver a range of integrated services for children, the elderly and others.

Hunger is a problem that must be solved at both the national and community level. The federal government has provided a means for local citizens to forge appropriate solutions. If these programs are to be substantially reformed, we must take care not to create an "unfunded liability" in local communities across the country. Contrary to popular misconceptions, state and local governments and private charities indicate emphatically that they are in no position to pick up the slack should the federal commitment of resources and leadership be diminished.

V. Food Programs as Empowerment Tools

It is important to understand that these food programs are part of a larger whole—they are integral to strategies to improve the long-term prospects for children's lives that go far beyond their nutritional status. The WIC program itself embodies this, with the integration of prenatal and pediatric care, nutrition counseling, and nutrition assistance. The Child and Adult Care Food Program also is associated with improved quality of child care. The 1994 Carnegie Study of Children in Family Child Care and Relative Care reported that 87 percent of the family child care homes considered to be providing good quality child care participated in the CACFP.

There are many other examples:

- Carla Sanger directs an after school program known as LA's BEST. This program serves about 4,500 inner city elementary school children daily, 245 days a year. The program operates 2:30-6:00 pm in twenty schools, during which time the children do school work, play sports, learn to use computers and engage in artistic and cultural activities. Independent evaluations document that LA's BEST improves scholastic performance, fosters positive behavior changes, decreases crime and improves the children's sense of safety in their environment. As Ms. Sanger says, "We are winning the war with the gangs for these kids' attention."

What Ms. Sanger also would tell you is that the meal supplement provided by the Child and Adult Care Food Program to children when they arrive is critical to her success. It draws children into the program, provides them with the extra nutrition they need, and allows them to focus on the after school enrichment activities. On January 17, 1995, she wrote to Senator Richard Lugar:

"There is no question that without federal reimbursement for food, this important component of the after school programs will be diminished or eliminated, and likely impact the daily attendance of children who so desperately need and benefit from after school programs."

Without the assurance of federal funding for a snack, it will be very difficult for Ms. Sanger

to reach her goal of expanding to fifty schools and serving 10,000 children a day.

- In Hoquiam, Washington, the Parks and Recreation Board works with the school district, police and fire associations, and a variety of civic clubs to provide a summer recreation program to over 200 children a day. The community has pieced together crime prevention funds, AmeriCorps participants, private money and the USDA Summer Food Program to make the program work. Kristi Earley, Program Director, says the meal served is the foundation for the program and helps draw the high daily attendance. A local police sergeant says the program stops children from having to steal to eat. The summer program has been so successful in organizing activities for low-income youth that it has led to a year-round after school program.
- In Pittston, Pennsylvania, the school system effectively combined a reading program with school breakfast. Known as the PAC Program (for Pittston Area Capable), children from grade four and up volunteer to read to younger children after they finish their school breakfast. The younger children are engaged in a learning activity that maintains their interest and requires little supervision. An interesting side effect of the program has been to make participation in the School Breakfast Program more popular and resolved many school officials' initial concerns about securing supervision for both participants and non-participants in the School Breakfast Program.

Much to the surprise of both teachers and administrators, all of their older students relish the opportunity the program offers to demonstrate leadership and support as role models for younger students. This attitude has prevailed among students previously thought to have behavior problems, as well as those with reading difficulties.

Conversion of current food programs to block grants could not only threaten the continuation of the highly successful programs described above, but almost surely will impede expansion of these efforts. This would be most unfortunate, because these are the very approaches that will lead to more productive, and less dependent, members of our society down the road.

VI. Program Improvements

We do not contend that nutrition programs are perfect. We at FRAC have long advocated changes to improve their effectiveness and would be pleased to work with you to refine these. Here are examples of reforms we would support:

- In the Food Stamp Program, we support changes to speed up the implementation of Electronic Benefits Transfer (EBT) systems. EBT can help track and prevent fraud and also can make food stamps more efficient. We also support coordination of key definitions of income and assets with the AFDC program, simplification of the application process for certain households, and coordination of the employment and training program with AFDC and other employment and training programs.
- We support thoughtful efforts to consolidate nutrition programs operated out of schools. There is no need for multiple application forms, eligibility requirements, and reimbursement rates if a school is operating several programs to feed essentially the same children at different times of the day or year. There can be much greater coordination between the School Lunch and Breakfast Programs, and that same information and bookkeeping process could be utilized if a school serves a snack to children after school hours through the Child and Adult Care Food Program. Similarly, although there are some trickier issues here, we believe a streamlining of paperwork could occur if a school chooses to provide meals through the Summer Feeding Program when school is out.
- While there must be adequate federal accountability over child nutrition funds, we believe the degree of auditing that occurs in the schools and other institutions must be eased. The level of detail and oversight reflects very little trust in state and local governments. We believe that some acceptable standards can be set without the kind of detailed oversight that has been built up and retained under the aegis of both Republican and Democratic administrations in recent years.

- In addition to schools, we believe that there should be a consolidation of nutrition programs offered by various non-profit institutions and a simplification of paperwork for them. Some institutions, such as churches, Boys Clubs or Girls Clubs, YMCA's or YWCA's, may be utilizing the Child and Adult Care Food Program and the Summer Food Program to feed different students at different points in the year. We believe they would welcome a consolidation of paperwork and the coordination of reimbursements.

I am confident there are other ideas that can be put forward to ease the administration of the programs that are not listed here. Needless to say, the cumulative effect of all these changes would not only ease administration for state and local officials, but would be of benefit to the ultimate recipients. If low income families do not have to fill out multiple applications, it should ease children's participation in a variety of programs.

VII. Concerns with a Block Grant Approach

As Congress reexamines many national programs and the appropriate roles for different levels of government, we urge you to keep in mind two fundamental considerations for your decision-making process:

- Will all individuals currently eligible and in need of assistance receive the same level of service?
- What assurances are there that new approaches will work as well or better than the current system in meeting the objectives of the nutrition programs?

If these questions cannot be answered satisfactorily, we urge you to resist making changes that may, at best, lead to uncertainty and at worst, to a major step backward in this country's commitment to the health and nutritional status of all its members.

While the details of various proposals vary, we view with alarm the concept of repealing all current food assistance programs and replacing them with block grant funding. Here are our concerns:

1) Predictability and Responsiveness of Funding

The current funding mechanisms for most nutrition programs allow state and local program administrators to know well in advance how much funding they will receive per individual who qualifies for services. Under a block grant, the level of federal funding, as well as the allocation within a state, may be uncertain. This can create havoc with the need of local administrators to plan.

Even if predictable funding could be provided, a block grant approach is likely to be far less equitable and responsive than the current system. Each year, there are demographic changes within states due to unemployment levels, population growth, aging and other factors. It is very difficult to devise a formula that takes these into account adequately. Over time inequities among states will grow.

Block grants do not respond well to changes within a state or local community within a funding year. If a state experiences a major recession, it will find it difficult to respond to increased demand for school lunch and food stamp assistance—especially at the very time its own state revenues are down. The result may well be waiting lists for assistance or across the board cutbacks in benefits or in the quality of meals served.

We also are skeptical of how sensitively and timely help from a "rainy day" fund might be provided under various block grant proposals now under consideration.

2) Response to Unmet Need

By freezing or cutting funding levels, block grants remove from state and local governments the choice they now have to expand certain nutrition services. For example, from 1989 to 1994, Kansas increased its participation in School Breakfast from 9,000 to over 60,000 children

a day. Such a choice would be impossible under a block grant approach, unless the state could find its own resources or cut other programs.

3) Administrative Savings

We are aware of the argument that block grants will create such large administrative savings through the consolidation of programs that beneficiaries will not be hurt. We urge close examination of this issue because we believe there are limited savings to be realized.

First, administrative costs are a relatively small proportion of all food program costs. Even if a significant portion of administrative savings could be achieved, little money would be freed up for benefits. If programs are turned back to the states, they still will have to maintain adequate screening and accountability systems.

Furthermore, unless we envision ending meal service in schools, health and nutrition benefits through a WIC-type program, hot meals for the elderly, and a general program of assistance like food stamps, states will still have to operate multiple programs through various agencies. The result will be relatively little savings in administration for them.

4) Interstate Issues

Many new problems would be created by 50 separate food assistance approaches in the states. Right now food manufacturers can produce school and child care meals under a uniform national standard for portion sizes and nutritional content. If states can each set their own standards, this efficiency would be lost. Also, states would find it much harder to coordinate among themselves to standardize approaches to work with the food industry.

People who live right on the border of a state could not be assured of the ability to use food stamps or WIC vouchers across state lines. Food retail stores which operate across states might have to set up different and costly systems in each state to deal with food stamps and WIC, particularly if states develop 50 different electronic benefits transfer systems. (A copy of the Food Marketing Institute statement calling for national uniformity on this issue is attached to this testimony.)

5) Nutritional Standards

One of the keys to the success of child nutrition programs has been the establishment of nutritional standards to ensure that these programs meet their objectives. In the absence of nutritional standards, it is very difficult to gauge whether these programs are achieving their intended results. While there has been much debate about how detailed these standards should be and how they should be enforced, there is widespread agreement among program administrators, health and nutrition experts, and the food industry, that there should be national standards to help ensure adequate nutrition and effective administration in these programs.

If we move to a block grant approach, and there are no national nutrition standards, it will be very difficult for taxpayers to ensure that their dollars are being spent appropriately. How would we know how well state programs are serving their intended purposes? The absence of national standards also means that every state would have to develop its own standards for nutrition. This would seem to involve unnecessary duplication and overlap among the various states.

Under a block grant, there may be no guarantee that funds would be spent on food. If states are free to cash out the Food Stamp Program, benefits could be spent on non-food items. Studies have shown as much as a 20% decrease in food purchases when food stamp benefits are cashed out. Thus, a block grant could seriously weaken the Food Stamp Program as a nutritional program. Significant decreases in food purchases could also have ramifications for food and retailer industries.

6) Adequacy of Funding

Related to the point above, we believe that conversion to a block grant for food assistance will inevitably lead to a loss of support for this important function. When there are fifty different state programs, especially if national nutrition standards are not present, it will be very difficult to evaluate the success of the various programs and to set appropriate funding levels. Even if some states are hugely successful and document the need for more assistance, such help may not be forthcoming if other states' performance is less stellar.

While we understand that some people believe the federal government should not be in the nutrition assistance business at all, and may find comfort in this argument, we suggest that this should be a clear and up front decision. If one believes in a continuing and responsive national role in nutrition assistance, conversion to a block grant is likely to make this far more difficult to achieve.

VII. Conclusion

Thank you very much for the opportunity to testify today. This committee has enormous responsibilities at a time of great change. It will require great wisdom to determine in what areas there needs to be fundamental change and what areas there does not. In the area of nutrition, we urge you to refrain from dismantling what has been a highly effective and highly appropriate response from the federal government to the needs of vulnerable citizens.

As you deliberate, we urge you to keep in mind a warning sounded last year by Professor Ernesto Pollitt, a leading researcher in the nutrition field. He said, "We have now learned that even moderate undernutrition, the type most frequently seen in the United States, can have lasting effects on the cognitive development of children." (The Link Between Nutrition and Cognitive Development in Children, Tufts University Center of Hunger, Poverty and Nutrition Policy, 1994)

In FRAC's own groundbreaking study of childhood hunger, the Community Childhood Hunger Identification Project, we found that in comparison to non-hungry children, hungry children were:

- more than three times as likely to suffer from unwanted weight loss
- more than four times as likely to suffer from fatigue
- almost three times as likely to suffer from irritability
- more than 12 times as likely to report dizziness
- more than twice as likely to have frequent headaches
- almost twice as likely to have frequent ear infections
- almost three times as likely to suffer from concentration problems; and
- almost twice as likely to have frequent colds.

With these consequences in mind, we should err on the side of ensuring that our children and other vulnerable citizens have enough to eat. As you continue to explore these issues, we believe you will find a groundswell of support to maintain current programs.

We urge you not to rush any of your decisions. The results could well be chaos for state and local government and for vulnerable Americans. We stand ready to assist you in any way possible in your further deliberations.

**FMI POLICY STATEMENT
ON FOOD ASSISTANCE REFORM
January 1995**

The Food Marketing Institute has long supported Food Stamps and WIC as effective, efficient ways of reducing hunger and improving the nutrition of our nation's poor. Both these programs serve as ultimate safety nets for those who cannot afford adequate diets. In 1994, some 27 million Americans depended on food stamps as income supplements at a total cost to the federal government of \$24.5 billion. Over one-half of the beneficiaries were children. In addition, approximately 6.5 million Americans participated in the WIC program for this same year at a cost to the federal government of just over \$3 billion.

FMI supports reforms that would improve the efficiency of food assistance programs while at the same time reducing any fraud and abuse that may exist. It is appropriate to scrutinize every government program to increase efficiency and effectiveness wherever possible. In fact, the grocery industry already has been a major participant in the effort to convert food stamps to an electronic benefits transfer environment with exactly these goals in mind.

If food assistance programs are moved to the states in block grants, with each state given authority to set its own standards for eligibility, the basic principles set forth below would lead to reforms that increase control, reduce fraud and abuse, enhance the dignity of the programs, and reduce both public and private administrative costs. If food assistance programs continue to be administered at the federal level, these same principles should also apply.

1. Because access to food is the ultimate safety net for needy Americans, these programs should not be simply cashed out. Research has demonstrated that removing the link between program benefits and the actual purchase of food results in the deterioration of nutritional diets, especially for our children. This increases long term health care costs dramatically and often arrests the normal growth and development of children.
2. FMI strongly supports a coordinated effort to reduce fraud and abuse, and to improve efficiency by reinventing benefit delivery systems. We encourage acceleration of the timetable for completion of the government's electronic benefits transfer proposals to speed final evaluation of this promising system as an alternative.
3. As delivery mechanisms are redesigned, national uniformity must be the goal allowing recipients to retain the freedom to shop at stores of their choice and recognizing the regulatory burden that multiple systems impose on grocers operating across jurisdictional lines. It is important to recognize also that uniformity is necessary for development of improved systems to address fraud and abuse.
4. Since access to wholesome and nutritious food in the local community is the goal of food assistance programs, overly restrictive licensing requirements for participation, particularly for the WIC program, should be eliminated. This would reduce both government and private administrative costs and improve food access for recipients.

Adopted by the FMI Board of Directors
January 14, 1995

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Chairman SHAW. Thank you.

Parenthetically, the question of what happens to the various food programs is before two other committees, but your message is well received.

Mr. Ferish. Thank you.

Chairman SHAW. Ms. Darling.

STATEMENT OF SHARON DARLING, PRESIDENT, NATIONAL CENTER FOR FAMILY LITERACY

Ms. DARLING. Thank you, Mr. Chairman. It is a privilege for me to be here today to share with you information that I think will be important in reforming the welfare system.

I am coming to you today with a history of 25 years in service to adult education, those adults who are out there struggling to gain a toehold in the economic mainstream, those who do not read well, those who do not have English skills, those who are the ones that we are focusing our attention on in the reform of our welfare system.

I have been both a teacher of adult education, a State planner, a local program operator, and now running the National Center for Family Literacy. So I am coming to you today to talk about what I think is an exciting plan for welfare reform that we probably need to pay attention to, because it is working throughout the Nation, a plan that really looks at family not bailing the bucket, but turning off the spigot, if you will, for welfare reform, because it looks at two generations at the same time.

It is a plan that looks at the centrality of the family and putting the pieces back together and strengthening the family, and the central role of education is a combination to really look at systemic change in welfare reform.

That plan involves something we call family literacy that, in its very simplest definition, brings together parents who do not have literacy skills with their young children for learning in combination. They come together. The parent gets up in the morning and takes the hand of their 3- or 4-year-old child, brings the infant along and comes to a school where learning takes place for both. The parent has good basic skills, adult education, job training, job exploration, getting ready to go into employment, while the child is right next door getting good early childhood education to overcome the deficit that we know they will face when they reach our public schools.

Then the parents and the children come together and start to learn a new way to interact with one another, a way to build self-esteem together, a way for parents for the first time, many of them who have not had this model for them in their own home, can start to interact with their children. And then the parents have something we call parenting education, where they not only learn how to be better parents and how to influence the future life of their child, they also learn some skills that will help them cope, some problem solving skills, some ways to work through the maze of problems they face every day as they wake up, being welfare dependent and stuck sometimes in situations beyond our comprehension.

It is a simple approach to a very basic and fundamental problem that we face, as we look at welfare reform. It is an approach that is working, and it is working all throughout the United States. It is an approach that does not try to create new pieces, and you may know it as Even Start as a Federal program. You may know it as a component of Head Start of adult education or job training or JTPA. But it is the first time the pieces have been put together for the family to really look at systemic change in breaking the cycle and starting the spiral upward, instead of downward for those families.

We have evidence that it is working extremely well. As a matter of fact, it is working better than most of what we have tried. We know that parents who come to this program succeed, that they continue on 3 years later. We just had a follow-up study out of one of the Atlanta programs and we found that parents in those programs, 79 percent of them are now either in jobs or in vocational training or have substantially changed their lives in other ways.

We know that things change for children, that children not only learn faster than in other preschool programs when their parents attend with them, but they also achieve long-term results at a much more rapid rate.

We know that if we focus on the family as the unit of intervention and we bring the parents and the children together, that we are sending a message to parents that they cannot continue to just have children and send them to the system to be fixed, that in fact what we need to do is help them become the parents that they want to become. They care deeply about their children. They need the schools and the knowledge to help prepare their children for life, to help prepare themselves for self-sufficiency. We simply must put tools in their toolbox so they can do what all of us want to do as parents of our children.

I think I would like to make two recommendations to you for welfare reform. One of those is that we really must quit focusing on entitlements and time limits and start focusing on the family, an assessment of the needs of the individual family and looking at that and how it translates to the plan for self-sufficiency. There are some families that are on welfare who do not need to be on there 1 more minute. Others should be on there longer than 3 years, if they really are going to have a self-sufficient future.

The second point I would like to make is that I think we should focus all efforts on the family, that legislation fragmenting the family should not be allowed, that every piece of legislation or policy that comes before this Committee should be examined in terms of its influence on the family, and that the Family Literacy Program should be a requirement for parents who do not have basic literacy skills and their children, so that we are looking at a team in sending that continual message that the parent is the important teacher of the children in order to achieve self-sufficiency for this generation and the next. We simply must focus on the family as a unit.

Thank you.

[The prepared statement and attachments follow:]

Testimony
House Ways and Means Committee
February 2, 1995

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Introduction

Family literacy should be the heart of welfare reform. It preserves and strengthens the family unit, it creates self-sufficient families, it expands work and training opportunities, and it provides a model for the nation for a coordinated system of funding and services that maximizes scarce dollars. The goal of family literacy is to use education and training as a way to strengthen the family and ensure self-sufficiency. Family literacy provides a family focused program to improve the skills and educational level of parents, the developmental skills of their young children, and the parenting and life skills of adults. An effective welfare system with both long-term and short-term impact must include a strong family literacy component.

Welfare dependency and low educational achievement are directly related.

- By the year 2000, people with less than a high school education will be able to fill only 14% of all jobs.
- Ninety percent of welfare recipients are high school dropouts.
- The typical AFDC (Aid to Families with Dependent Children) recipient between 17 and 21 has reading skills below the sixth grade level.

Meeting the needs of parents in poverty will do a great deal to improve the quality of life of their young children, but it will not necessarily meet their developmental needs. A quality pre-school program for the children who are clients of the welfare system will result in:

- less need for special education and remedial education programs,
- an improvement in their attendance in school and a lower grade retention rate in school,
- an improvement in their participation in education and training beyond high school,
- a lower participation rate in the juvenile justice system,
- an improvement in their income level as adults and their chances of being homeowners as adults.

Solving the problems of parents in poverty is the best way to solve the problems of children in poverty and prevent dependency in the future. The family must be considered as the target of intervention.

- Two-thirds of AFDC recipients are children. In 1992, AFDC provided benefits to 9.2 million children.
- Children's literacy levels are strongly linked to the educational levels of their parents—especially their mothers.
- The more educated the parent and the more economically stable the home, the more learning opportunities are provided for children.
- If a child never misses a day of school from first grade to twelfth grade, he or she would have spent only 9% of his or her life in the classroom. Ninety-one percent is spent in the home or out in the community.
- Children who live in homes with adults who are unemployed and have themselves not completed high school are five to six times more likely to be dropouts.

There is a direct relationship between the educational achievement of young people and the problems of teenage pregnancy.

- Each year, 200,000 people aged 17 and under have children. 80% of the children born to teenage parents who dropped out of school live in poverty.
- About 50% of unwed teen mothers receive welfare within one year of the birth of their first child and 77% within five years.

- Poor 16- to 19-year-old girls with below-average basic skills, whether white, black or Hispanic, are six times more likely to have children than those with above-average basic skills residing in non-poor households.
- Forty percent of female welfare recipients give birth to their first child before the age of 19.

Family literacy promises to ensure a hopeful future for parents and their children, realizing we must produce systemic change. The message should be that parents have the responsibility to rear their children and will be helped through family literacy programs to acquire the skills they need to provide for their children. We cannot afford to lose the current generation that is struggling to sustain a toehold in the economic mainstream. This generation determines the stability of our future generation — our children. Family literacy has been successful with these populations.

In the long term, program costs will diminish as families gain the skills and knowledge needed to take responsibility for their own path toward self-sufficiency and education. Government must communicate to the public that they cannot leave their fate and that of their children to public assistance and public decision making. Every American must take advantage of the opportunities to become trained and literate, and learn what it will take to be sure their child is prepared for the future.

Question: What do the American people want in a welfare system?

Answer: They want to abolish welfare.

In order to accomplish this goal, it is important to remember that the system must work for all the American people—not just those who have jobs and financial security—but those who are currently on welfare. Four tenets of a welfare system that generally yield agreement are that the system:

1. preserve and strengthen the family unit,
2. cease financial dependency on a government system,
3. provide work and training opportunities,
4. create programs that focus on outcomes for families.

Addressing welfare through family literacy is an opportunity to address these four tenets:

Preserve and strengthen the family unit

Family literacy preserves the family unit by recognizing that the parent is the first and prime educator of the child. Early results from evaluations of family literacy programs indicate that families gain from combining the four components of family literacy programs: adult education, early childhood education, time for parents and children together, and parenting and life skills development. Parents become more responsive to their children, children receive the developmental care they need, and families learn to work together more effectively. During parent and child interaction time, parents and their children spend time together in the early childhood classroom. Parents learn how to teach their children through play. They practice what they learn in parent education time by communicating with their children. Parent and child interaction time enables parents and children to develop new patterns and often more positive, supportive relationships. Parents also learn and practice how to make the transition of these new skills into the home. The home becomes a learning environment and the family members begin to support each other to contribute to each person's success.

Cease financial dependency on a government system

The National Adult Literacy Survey concludes that adults with proficiencies within the two lowest levels of literacy are far less likely than their more literate peers to be employed full-time, to earn high wages, and to vote. Moreover, they are more likely to receive food stamps, to be in poverty, and to rely on non-print sources for information about current events, public affairs, and government. The data from this survey appears to support the view expressed in a recent report from the American Society for Training and Development. "The association between skills and opportunity for individual Americans is powerful and growing....Individuals with poor skills do not have much to bargain with, they are condemned to low earnings and limited choices." *Poor skills* translate to welfare dependency.

Adults need strong motivation and positive reinforcement to continue to exert the effort to improve their literacy skills over time. Family literacy programs provide support in managing family responsibilities, taking care of children, and providing transportation and other day-to-day necessities. They have better results with families gaining self-sufficiency than those programs that do not include the family approach.

Welfare Reform and Family Literacy

Provide work and training opportunities

In the adult education portion of a family literacy program, basic skills instruction is provided for parents or the primary caregiver. Parents participate in adult education classes while their children are in early childhood education. Basic skills instruction is based upon the learner's needs and goals. The instruction is presented in context with the literacy skills the parent needs to function in the life roles of parent, consumer, employee, and citizen. Individualized, small group, and large group instructional approaches are utilized to develop skills needed at the workplace and in the home. Students explore training and education options, set career goals and are provided pre-vocational experiences. High school diplomas, vocational opportunities, and further education and training are expected outcomes for parents.

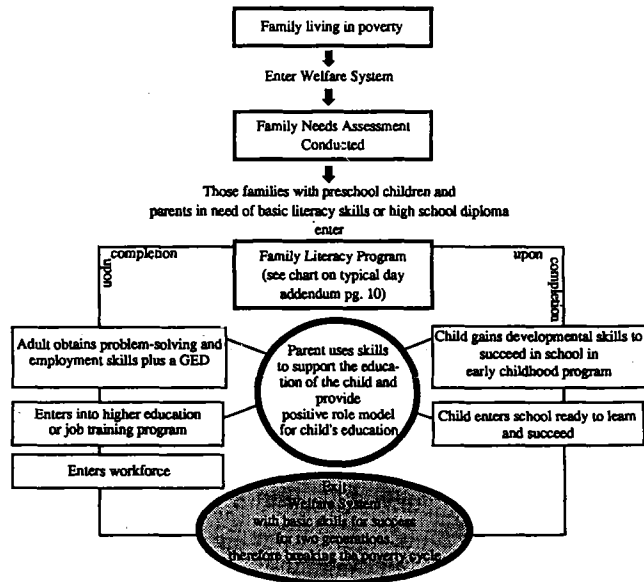
Create programs that focus on outcomes for families

A welfare recipient is going to be more successful in transitioning to a non-welfare environment when there is synergy in the community and coordination among the services being received. Being able to manage one's affairs, being part of a community setting, and obtaining and maintaining both mental and physical health services are benefits that will assist a welfare recipient in his or her quest for self-sufficiency. By coordinating systems, family literacy programs are able to maximize services offered to families.

Family literacy programs seldom rely on the resources of a single agency. Family literacy builds on existing programs such as Head Start, adult education, and family support centers to create a holistic approach and helps those programs be far more effective in both the short term and the long term view. The families who participate have a variety of needs that can be best met through a collaboration of services and resources. Programs are able to identify family needs and provide the vehicle to implement community coordination. Family literacy programs deal with families—they are more than adult education programs; they are more than child development programs. A family literacy program has the components to capitalize on these elements and to streamline and facilitate a multi-faceted approach that pulls similar programs together.

The following flow chart provides an example of how a welfare family may enter the system, participate in a family literacy program, and transition into the work force.

Family Literacy's Role in *Real* Welfare Reform



Welfare Reform and Family Literacy?

Literacy is the key to welfare reform and economic growth for this generation and the next. Having a parent who graduated from high school—a literate parent with skills needed for employment and parenting—is the ticket out of poverty and the ticket to eliminating welfare for our next generation ... and to families. Family literacy gives literacy programs added value.

Bertha lives in Louisville, Kentucky, has six children, and used to depend on the government to feed, house, and clothe her family. She loves to tell the story of how one day, her children went to the mailbox and saw that the welfare check was not there. They couldn't believe it. Bertha told them they would never see a welfare check in the mailbox again. They haven't.

Regina dropped out of high school at 17 to get married, had four children, and was later divorced. She had never had a regular job and was living in one room with no electricity or running water. She was paralyzed with shyness when she ventured outside her home. She is now speaking in public, sporting a Magna Cum Laude from Mars Hill College in North Carolina, and is teaching school in the community where she lives. Her children, who were barely passing in school, are now on the honor roll and talking about college in their future.

What is the commonality between these two individuals and thousands of others who have broken the cycle of welfare dependency? The commonality is that they have been involved in a family literacy program. They are now working and adequately supporting their families financially. They are now able to give their children the emotional support they need to continue their education and not fall into the cycle of dependency the welfare system offers.

We know from these stories and thousands of others in every state that an effective welfare system with long-term impact must include a strong family literacy component. Family literacy can be the heart of welfare reform. It preserves the family unit, it creates self-sufficient families, it expands work and training opportunities, and it requires a coordinated system of funding and services that maximizes scarce dollars.

Family literacy is an education program for the entire family. It contains the following four components:

1. Adult education classes to achieve GED or alternative high school diploma
2. Early childhood education classes for preschool children
3. Parent and child spend time together to build upon parenting skills
4. Adult training to enhance parenting and life skills

The synergy of combining the components to focus on the family produces added value:

- Lifelong learning is promoted;
- Problem solving is increased;
- Children see parents as positive role models for learning and achieving.

Comprehensive programs like family literacy prepare families for self-sufficiency. Jobs will get families off welfare. Family literacy programs prepare adults to exit the welfare system with basic skills for success. Family literacy also enhances parenting skills to support the education of their children. This combination will break the poverty cycle. Money already being spent on programs should be directed toward families — not just toward children's programs or adult programs.

What Family Literacy has Already Accomplished

The National Center for Family Literacy (NCFL) has become a *catalyst* for innovations that have brought families out of the welfare and poverty cycle. The efforts supported by NCFL strengthen the family through adult literacy and early childhood education, support school reform and foster economic development. NCFL supports programs in every state and works with state leaders and local program planners to help redirect ineffective, fragmented programs to a systemic change approach that works.

Family literacy is based upon a simple, but powerful, premise: that parents and children can learn together and enhance each others' lives. When parents and children learn together, attitudes of appreciation and respect for education are modeled for the children that pave the way for school success. Parents acquire new skills for work and home and renewed appreciation of their role as the most important teachers of their children. They develop positive and supportive attitudes about schooling, the work and joy of learning, and the connection between education and the quality of life.

There is evidence that each of the four components of family literacy appears to be effective in improving the lives of undereducated adults and in helping their children break the cycle of dependency.

- Adults participating in family literacy programs demonstrate greater gains in literacy than adults in programs that only provide instruction for adults.
- Participants in family literacy programs are more likely to remain in the program than participants in programs without the comprehensive services to meet the needs of the entire family.
- Adults who participate in the program for a longer period of time continue to learn.
- Children participating in family literacy programs demonstrate greater developmental gains than children in programs that provide child-focused services only.

A variety of efforts have been undertaken over the years to address the needs of undereducated adults and "at risk" children in the nation. Most agree that these problem areas are critical for America's future. Too many adults are not able to succeed in the present economy, and they pass this legacy on to their children.

Welfare reform can be seen as an opportunity to assist families by achieving long-term gains to families rather than a short-term fix to welfare recipients.

Family literacy works. A follow-up study of 200 families who attended family literacy programs in three states found that not one of the children in the programs had repeated a grade during the first four years of elementary school. That translates into a \$5,000 savings each time one of those children was promoted to the next grade, and dramatically reduced the chance the taxpayer will support the child in the future.

- While enrolled, children who were at the bottom of the nation in readiness for school made important gains on developmental indicators and performed better than comparable children enrolled in other programs. After leaving the program, those children who attended pre-school with their parents performed well in kindergarten and first grade.
- While enrolled, the parents of the children made important gains on achievement tests and performed well on GED tests. They continued educational progress after leaving the program, as well as being involved in the schooling of their children.

The growth of the parents was no less dramatic in other areas. A recent study from Atlanta confirmed that three years after completing the program, 79% of parents who had been on welfare were employed, enrolled in vocational training or other education programs, or had improved their lives in other ways. Participants of family literacy programs described their lives as gaining improved self-confidence and self-control, passing high school equivalency exams, being admitted to college, securing new jobs, and enjoying much better relations with their children. In terms of employment, getting one parent into the work force and keeping that parent there will pay for the cost of the family literacy program.

In the year 2000, 14.2 million children, or one of every four children, will be living in poverty. Twenty-five percent of those children will be held back in school because of the poor circumstances in which they live. The cost to the taxpayers will be \$18 billion a year. Statistics tell us that as many as 75% of these children will need remediation in our public schools. At an average cost of \$3,000 per student, the bill can easily add up to \$32 billion. If we factor in those children who drop out of school as the ones giving birth, the cost rises to \$35 billion a year. We must remember these infants need intensive health services — not to mention the cost of crime, juvenile delinquency, drug and alcohol abuse, and all other social ills that are compounded by the problems of poverty and illiteracy and children having children.

These problems can be alleviated but we must strategically plan for the future to improve our efficiency in the new global economy and save tax dollars to reduce the deficit; but, most important, we must preserve the family. In family literacy programs, parents and children develop as partners in learning and become partners in success. Family literacy means more than what parents and children learn. It also means who they become. It means families growing to believe in themselves, to believe in their future. It means systemic change.

Funding

We need to be assured that the money already being spent is directed toward families, not just adults or children. There also needs to be assurance that there is not duplication of efforts in the implementation of programs. In the addendum of this paper, a description of 37 public funding sources is referenced. As noted in this summary, public funding sources which may support family literacy services are many and varied. Some are appropriate as primary funding sources—covering the cost of core component services like adult

education and preschool instruction. Others have potential as supplementary funding sources, which might increase core component resources or provide, for example, staff and in-service training or transportation for families. Finally, some programs or agencies may be important collaborators or referrals for participating families.

Recommendations

1. The welfare system should be reorganized to focus on a family needs assessment, rather than entitlement criteria or time limits.
2. Family literacy should be a requirement for participants who have not completed high school and have a pre-school child.
3. Congress should fund model demonstration programs, staff development, and research and evaluation to identify quality programs and create a vehicle to abolish ineffective programs.
4. Programs funded under the auspices of welfare reform should be directed toward family units, as opposed to individuals within the family.
5. All new and existing legislation should be screened for its ability to create self-sufficiency, as opposed to dependency on government programs.

Addendum

Key Points Regarding Welfare Reform and Family Literacy

An effective welfare system with long-term impact must include a strong family literacy component. Family literacy should be the heart of welfare reform. It preserves the family unit, it creates self-sufficient families, it expands work and training opportunities, and it requires a coordinated system of funding and services that maximizes scarce dollars.

Welfare reform must have an impact on the entire family.

Family literacy is an education program for the entire family.

What are the four components of a family literacy program?

1. Adult education classes to achieve GED or alternative high school diploma
2. Early childhood education classes for preschool children
3. Parent and child spend time together to build upon parenting skills
4. Adult training to enhance parenting and life skills

What is the added value of a family literacy program?

- Lifelong learning is promoted
- Problem solving is increased
- Children see parents as positive role models for learning and achieving

Will a family literacy program get families off welfare?

Jobs will get families off welfare. Family literacy programs prepare adults to exit the welfare system with basic skills for success. Family literacy also enhances parenting skills to support the education of their children. This combination will break the poverty cycle. Money already being spent on programs should be directed toward families—not just children's programs or adult programs.

Supporting Information and Data

For the first time in the history of the United States, we have information and accurate data regarding the literacy levels of our population. The continuing dilemma in striving for a competent workforce was confirmed in the National Adult Literacy Survey. This report was commissioned by the U.S. Department of Education and published in 1993. Twenty six thousand adults' ability to read and problem-solve was assessed. The results found:

- Ninety million adults (almost one half of the population) were in need of remediation with reading and math skills.
- Of that 90 million, 44 million were in the lowest level of literacy. Many of these individuals did not have the skills to determine the difference in price between two items, time and place of a meeting in a letter, or locate very simple information in a brief news article. Still others in this group could not even read the test.

- Because of such limited reading skills, others were not able to respond at all. For those in the age group of 21 to 25, the reading ability has become statistically worse since 1985.
- The study confirms that economic achievement is linked to education. Adults with the lowest levels of literacy have the weakest ties to the job market and the lowest level of earnings.
- This study also confirms the link between the literacy competence of children and the educational level of their parents.
- Of the adults who ranked in the lowest of five literacy levels, 80% were unemployed and most relied on public assistance. The nation's economic "ball and chain" must be defined as the unprepared adult workers whose growing numbers of offspring have no other positive role models to change their mind set.

The logical solution to solve the problem today is to provide a good foundation of basic skills for the adults, prohibiting future generations from falling into the same undereducation and poverty cycle. By the year 2000, it is estimated that 14.8 million children will be living in poverty. That represents one in four overall, and one in three in the urban areas.

- Children who live in poverty are five to six times more likely to drop out of school. The nation lost those children, our future, when we lost the war on poverty. We are currently seeing the results of the lack of investment the United States has made. The fact is that we must repair today what we didn't do for these young adults 20 years ago.
- When these children drop out of school they are more likely to "drop into" the welfare system. From the research that came out before the Seventies, we've known that the one predictor for school success for the next generation of workers is the educational attainment of the parent.

The following are important dimensions of intergenerational literacy:

- Children whose parents are functionally illiterate are twice as likely as other children to be functionally illiterate.
- The large number of students who leave school prior to high school graduation contributes to the national problem of functional illiteracy. This problem is most acute in urban, low-income areas and among Hispanic youths.
- The concept of functional illiteracy is most often discussed in the context of workplace demands. However, adults who are parents need literacy skills to meet the health, nutrition, safety, and educational needs of their children. A parent with low literacy skills may be unable to read or respond to printed notices from a child's school or be unable to follow the instructions on a child's medication.
- Many parents with low-literacy skills experienced such frustration and failure as children that, as adults, they avoid literacy-related activities. These parents often communicate negative attitudes toward literacy and schooling to their children, and thus perpetuate an intergenerational cycle of illiteracy.

The cost is not only a monetary one but it is also a cost in terms of the loss of human spirit; a loss we cannot afford. As more of our population become enmeshed in this intergenerational cycle of undereducation and poverty, they look to government, business, and public institutions to alleviate their struggle. If we are to find ways to stop this downward spiral, we must go beyond the confines of traditional thinking.

Sources of Funding

Public Funding Sources

Public funding sources which may support family literacy services are many and varied. Some are appropriate as primary funding sources—covering the cost of core component services like adult education and preschool instruction. Others have potential as supplementary funding sources, which might increase core component resources or provide, for example, staff in-service training or transportation for families. Finally, some programs or agencies may be important collaborators for a program or referrals for participating families.

National Institute for Literacy State Literacy Resource Centers

Adult Education Act**U.S. Department of Education****Adult Education Act**

State Administered Basic Grant Program for Adult Education

National Workplace Literacy Program

Literacy for Incarcerated Adults

Elementary and Secondary Education Act

Chapter 1 Even Start Family Literacy Program

Migrant Education Even Start

Chapter 1

Chapter 2

Carl D. Perkins Vocational and Applied Technology Act

Title III Part B Consumer and Homemaking Education

Higher Education Act

Student Literacy Corps

English Literacy Act

Stewart B. McKinney Homeless Assistance Act

Indian Education Act

Bilingual Education Act

Library Services and Construction Act

U.S. Department of Health and Human Services

Head Start

Family Support Act

Child Care and Development Block Grant

Community Services Block Grant

U.S. Department of the Interior

Bureau of Indian Affairs (BIA)

U.S. Department of Labor

Job Training Partnership Act

Title II

Title IIA

Title IIB

Title IIC

Title III

Other Public Resources

Drug-Free School and Communities Act (Department of Education)

Education of the Handicapped (Department of Education)

Education of the Handicapped Preschool Program

Rehabilitation Act (Department of Education)

Community Development Block Grants/Entitlement Grants

Community Development Small Cities Block Grants/Non-Entitlement

Grants

Title XX Social Services Block Grants

Other Related Programs

Juvenile Justice and Delinquency Prevention

Foster Grandparents

Child Welfare

Child Support Enforcement Grant

Foster Care and Protective Services

Native American Programs

Special Supplemental Food Program for Women, Infants and

Children (WIC)

Community Health Care Centers and Local Health Departments

Family Planning (Title X)

Maternal and Child Health Services Block Grant

Alcohol and Drug Abuse and Mental Health Services Block Grant

Volunteers in Service to America (VISTA)

Retired Senior Volunteer Program

Department of Employment Services (Department of Labor)

Food Stamp Programs

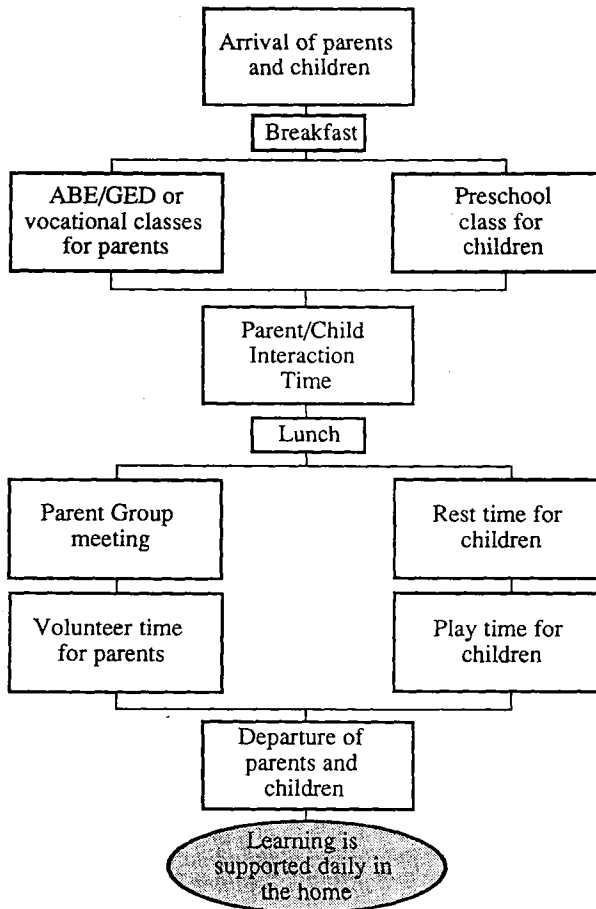
Targeted Jobs Tax Credit

Medical Assistance - Medicaid

Wagner Peyser Discretionary Program (Department of Labor)

Frequently Used Primary Funding Sources for Family Literacy

Funding Source	Description/Purpose	Flow of Funds	Eligible Funding Recipients	Other/Comments
Chapter I Even Start	Provides educational services for undereducated parents and their children aged birth to seven. Integrates early childhood education, adult education, and parent education.	Federal-State-Local	Local school districts in collaboration with other agencies/organizations. Community based or other nonprofit organizations in collaboration with school districts. Indian tribes.	Annual grants for up to four years.
National Literacy Act/ Adult Education Act Basic grant program for adult education	Provides basic literacy skills instruction, high school or equivalency (GED) preparation for out-of-school adults aged 16+.	Federal-State-Local	Local school districts, other public or private agencies/organizations.	Most common source of funds for adult education component. Also may provide some parenting education activities.
Head Start	Provides health, education, nutrition, and social services to disadvantaged preschool children and their parents.	Federal-Local	Local public and private nonprofit organizations.	Collaboration with local Head Start programs provides the preschool component typically, but parent education, adult basic skills, and parent-child interaction also may be supported.
Job Training Partnership Act (JTPA)	Under various programs (titles) provides remedial education, pre-employment training and other employment related services to youth and adults aged 14+. See specific titles for eligibility.	Federal-State-Local (or) Federal-State-Service Delivery Areas (SDAs)-Local programs	Depending on the program (title), local SDAs, school districts, other public or private organizations.	Contact local Employment and Training Office.
Chapter I	Provides assistance for low income children, grades pre-K-12 to help them succeed in school/attain grade-level proficiency. Also provides parental involvement activities.	Federal-State-Local-Individual schools	Local school districts and schools with high concentrations of low income children.	May fund preschool/classroom component and selected parent activities.
Family Support Act JOBS Program	Mandates education (if without HS diploma) or jobs program for AFCD parents. Some exemptions exist. Provides funds for education and support services.	Federal-State-Local	Local welfare agencies or local education agencies, JTPA programs, community based organizations.	Administered through state welfare agencies (departments of social services). Provides funds for adult education and support services including child care, transportation, and transition to work.

Typical Day at a Model Site

Chairman SHAW. Thank you, Ms. Darling.

Mr. English.

Mr. ENGLISH. Thank you, Mr. Chairman.

I think this is a particularly impressive panel. I know you, Mr. Gaffney, have been a leader in the national fight against unfunded mandates and you have been very active on a number of fronts. I was wondering, in your view, given that you have outlined for us a very innovative program that has been very successful in your community, can you generalize some concerns about the idea of block granting welfare as a general system?

Do you feel that if we put in safeguards such as providing additional funding for those States that have a downturn in their economy and, hence, an increased demand on the welfare system, if we address some of those basic concerns and perhaps create more of an opportunity for local officials to have input into the design of the system at the State level—although, as both Mr. Ensign and I pointed out, I am not sure quite how we would write that into a bill at the Federal level—do you feel that a block grant proposal could deliver more effective welfare services, a better designed welfare system at potentially a lower cost?

Mr. GAFFNEY. It has that potential, but I think it is critical that those kinds of safeguards and precautions be built into the legislation. I think a major concern would be the relationship that existed between the local government, in our case Suffolk County and the State of New York. Recently, that relationship has been improved significantly. But the fact of the matter is that the degree of success that you would have in that would depend in large measure on the attitude of the State government and how much they are willing to share the control of the program with local government. In Suffolk County's case, we pay half of the cost of social services that come to the State of New York, so it is an expensive proposition.

If we are able to work closely with State government, as we now are, to create a reformed welfare system within New York State, then I am much more comfortable with block grants than I might otherwise be. But I have to tell you that, as the incoming president of the New York State Association of Counties, there is a certain amount of misgiving on the part of local governments all over with regard to block grants, and that ambivalence needs to be addressed, I think.

Mr. ENGLISH. Mayor Austin, as an arm of the Pennsylvania League of Cities and someone who is very active in some of their legislative proposals, do you see some ways that, as we design the block grant system, if, in fact, that is the direction we go in, we can provide some assurance to local elected officials that they will have input into the system and that they are not going to have what you have described, in effect, as unfunded mandates passed down to the local level?

Mr. AUSTIN. One, I do not think we have any choice but to do that, if it is going to really work. We have seen in the last decade American industry decentralized and have its components create through empowerment, they become ingenious and create and make a better product. Government does not seem to do that very well. We structure it from the top down.

What we need to do in government is to unleash this huge pool of talent at the local level where the real genius of experimentation is, and let us function in this area and come up with better ways. Now, how do you do that? It is very difficult. But there has to be built in a targeting process, a mechanism for targeting to get through and to have this creative atmosphere where the local governments, the hands-on people can be looking around for other ways.

Because once the State level or the Federal level think they have got the system perfectly, you know it is going to always have to have an opportunity to improve. It has to always have the opportunity to get better, and adequate targeting provisions for local government, something built in there with the local government, the counties and the cities participating in the distribution system, and not lock it to a blueprint for success which will be a blueprint for failure, if you take out the creativity, the ingenuity, the experimentation at the local level of how to best get this job done. If we knew how to do it, we would not be in the mess we are in.

Mr. ENGLISH. Thank you, Mayor Austin.

I think both of you gentlemen are indicative that there certainly is the creativity at the local level to provide some input.

Thank you.

Chairman SHAW. Mr. Ford.

Mr. FORD. Thank you, Mr. Chairman.

Mayor Austin, basically what you are saying here about these unfunded mandates passed on to the cities, without education and training and without some national standard and the flexibilities that we might give to the States, it would be very difficult for mayors like you to see a welfare program shifted to the States, giving them all of the flexibility, without a strong national standard to guarantee some type of education and training to the workplace. Is that basically what you are saying in your statement here?

Mr. AUSTIN. I think obviously you cannot release large sums of money without having measurable goals and objectives that you can go back and measure and ascertain whether you have succeeded or not. Of course, you should account for the taxpayers' money when you release it to local governments. But can we perform at the local level with loose guidelines as to how to take care of our children and to provide and make sure that our children are nurtured and loved and sent to the first grade ready to learn, instead of a dropout at the beginning of the system? Yes, we can do that. We are doing that in Jacksonville, Florida, before this system came into effect with volunteers and people helping.

When the Federal Government and the State government took it over, the local people disappeared. There was no participation. The bureaucrats and the social service people took over and we lost the community involvement in this effort.

If you put a welfare system in place, give us the guidelines for spending the money within reason, and then let us create and experiment, you will have—and I do think you have to stop the cash incentive, I think you have got to put more personal accountability in there—I think you will have a better system. The cost in crime, the cost in dropouts, the cost in loss of productivity, the cost in pre-

mature babies uncared for, and mothers in prenatal care, those costs far exceed the costs of welfare payments to society to a city.

So if we get in and start taking care of these things hands-on, instead of having a failed system that we have, our society is going to be better off down the road, even if we make some mistakes here for the first 2 or 3 years in getting it turned around.

Mr. FORD. Ms. Tollett, you talked about the unemployment rate among African-Americans in the year 1994 at the level of about 11.5 percent, and 5.3 percent for white Americans. We saw the latest reports I guess at the end of the year, that African-American unemployment was down to about 9.7 percent from the Labor Department figures. We also know that there are probably 2 or 3 percentage points that are not counted in this unemployment rate in the urban areas and the deteriorating cities.

We have seen that the Personal Responsibility Act is not really addressing training, education and job opportunity and no new job creation and you stressed very strongly in your opening statement that we should really focus on job creation. Have we not seen all of the reports from this Personal Responsibility Act in many of the Republicans who campaigned in the fall election?

Have you seen the race card being played here somewhat, when we talk about African-Americans? In all of the television shows that we have seen, we have projected African-Americans to be the cheats on welfare. They want us to believe that these cheats are there, rather than really focusing on what the real problems are, and those problems are jobs in urban and rural areas throughout this country.

Ms. TOLLETT. I think that there are problems with the depiction of who are the people receiving welfare. At NBCDI, we believe that while there is a lot of talk about we need to put people to work, there is not enough discussion about job creation and what jobs people will go to work in. So we think that there must be much more discussion about the jobs that we want to create in our cities, because we know that children do well when they have parents who are working. Parents who are working and educated raise healthy children.

So we would like to see much more discussion about the job creation piece of this whole problem, because, as I noted, double digit unemployment has done terrible things to African-American families, and a third of African-Americans are in poverty, and so we must look more at job creation and focus more on job creation. And I think we need leadership from Congress to start talking about it.

Mr. FORD. Thank you.

Chairman SHAW. Mr. Ensign.

Mr. ENSIGN. Thank you, Mr. Chairman.

We have had actually hearings on a lot of the job creation ideas. As a matter of fact, one of the proposals that I have been working on that has to do with enterprise communities and empowerment zones, lowering capital gains taxes and increasing expensing, to bring those jobs to the areas that need them, not based on race. We have to eliminate looking at race or religion, for example, and provide for all people that are economically disadvantaged, the incentives for getting off welfare. This may affect one race more than

another, but it certainly affects everyone. You know, poverty knows no creed or race.

Ms. Darling, I want to get to some of your testimony, because I really enjoyed some of the things that you said. You talk about providing for the family and you talk about a lot of good things that we should focus our welfare programs on. I just have trouble seeing how the Federal Government can do it, because you talk about compassion, you talk about a lot of the things that could be done so well at the local or even at a private level, because there is human-to-human contact, there is compassion. But it is very difficult for the Federal Government to have that, and that is one of the reasons that we are talking about devolving the system as much as we can back to the local level.

Ms. DARLING. First of all, I think the Federal Government does have a role in this. For one thing, as we look at putting pieces together of programs, because that really is what we are talking about. We are talking right now, if you are looking for job training or literacy, you might get up in the morning and go off to a literacy program somewhere down the street, your child may go to a Head Start Program, you may try to find child care for your younger child, you come home at the end of the day having accomplished something, but the pieces have never come together. So we never really send the message that this is a unit here and we are trying to help the whole family support each other.

When we look at Federal funding, for example, we know that Federal funding does that oftentimes through eligibility criteria, through saying that this part of the family is eligible for this service and this part is eligible for that service, and this one should be doing this. We look at fragmentation of services and fragmentation of funding.

So we start looking at it comprehensively and start building into every piece of legislation that passes out of Congress something that focuses on the family. How does it affect the family? We are targeting on this one problem over here. Let us fix it, let us fix the child, let us fix the adult, let us fix the home, let us fix housing. But how does it work with the whole family unit, and how can we strengthen the family? I do agree with you that it is compassion.

Mr. ENSIGN. I agree with your statement, and that is what I like about what you said. I just think it is so much more difficult to do it as a cookie-cutter approach from up here in Washington, because in Las Vegas we are doing some of those things. We have centralized some of our senior centers to where we are bringing a lot of services together in one building. But for us to try to legislate that from here, it just would not work.

We have creative local leaders that are coming out with a lot of these great ideas, but it is incredibly difficult to say what is going to work in Las Vegas or is going to work in North Dakota or wherever. So I think that is why there are some proposals about block granting with some guidelines, which would give the States and local governments some flexibilities on what to do.

Ms. DARLING. I think so, but I think we also need to help. You know, we are finding that there are some pockets of really excellent activity going on out there. We have programs in every State of the Nation now, and so we are involved with those. But people need

a new way of thinking about their work and you need a new way of focusing on the family. So that can come from a national initiative. It can come from investing in helping those models spread and investing in helping people be retrained and thinking in a new way about systems change.

Mr. ENSIGN. Thank you.

Mr. FERSH. Mr. Ensign, I wonder if I could answer part of what you raised.

Mr. ENSIGN. Surely.

Mr. FERSH. I think you are right. Our experience is there are wonderful programs operating at the local level. Many times, though, there are Federal funding streams that become the building blocks for more successful programs.

In Los Angeles, for instance, a program now run out of Mayor Riordan's office takes care of elementary school children, 4,500 of them a day in inner-city Los Angeles. And one of the keys to the success of this program which reduces crime, averts behavioral problems, makes kids feel better about themselves, and so on, is the fact that they get a snack every day after school. The director says that is what settles the kids down, that allows them to take care of the hunger pangs they have, and it helps assure her success, and it has been documented by various studies.

She has issued a plea that she does not want to lose that ability to serve the children who are eligible. If you move to a block grant, there will be a competition for funds. She wants to serve 10,000 kids a day, not 4,500. So I urge you to look at this. Not all Federal programs are heavily bureaucratic. Some of them are well-designed building blocks for the ultimate end of reducing dependency.

Mr. ENSIGN. Thank you, Mr. Chairman.

I hope you address Mr. Gaffney, because I am real interested in that fingerprinting thing, too.

Chairman SHAW. Mr. Levin.

Mr. LEVIN. Thank you, Mr. Chairman.

Mr. Gaffney, you said in your testimony that in 1994 the program turned down 50 percent of the new applicants. This is new applicants for AFDC overall?

Mr. GAFFNEY. Home relief and AFDC, primarily home relief, however.

Mr. LEVIN. So 50 percent relates to home relief, which is what in your county?

Mr. GAFFNEY. Home relief is a program which does not exist in every State. In New York, home relief is a program whereby people who would not be eligible under other programs, would receive public assistance. Those are primarily single individuals without families who are no longer eligible for unemployment benefits or for some other reason become public charges who are not qualified for Social Security assistance. It is a smaller number certainly than AFDC, but it is a serious consideration.

Mr. LEVIN. I think that needs to be clarified.

Mayor Austin, I think your testimony helps spark the discussion about appropriate models, and all of us are looking at it and I think doing it seriously. Let me ask you, in terms of models, for example, in the mental health field in the last 20-25 years, there has been a strong effort to move the responsibility down to the

local level and essentially get the Federal Government out of it and in large measure the States. Is that model working in Jacksonville?

Mr. AUSTIN. I honestly do not know what we are doing in mental health in Jacksonville. I do not know what it is.

Mr. LEVIN. Is there a homeless problem in Jacksonville?

Mr. AUSTIN. I'm sorry?

Mr. LEVIN. Is there a homelessness problem in Jacksonville?

Mr. AUSTIN. Yes, sir. We are building a new multimillion dollar homeless center now in our city, and we will handle that problem locally. We are getting help from certain agencies. We are addressing that locally. But there is a big homeless problem there.

Mr. LEVIN. Is there some help coming from the State?

Mr. AUSTIN. Most of that we are doing with a local bond issue and we will handle most of that homeless problem locally.

Mr. LEVIN. Are there Federal funds involved in any of the homeless—

Mr. AUSTIN. I do not think we are getting any grants on this particular center. There are programs for our nutrition centers and these types of things. To the extent the homeless participate, I do not know, but we are not getting for our basically municipally operated program any help on that, to my knowledge. I am not an expert on it.

Mr. LEVIN. I think your appeal for more local involvement has a lot of strength. One of the issues we have to face here is what you referred to as the cash payment to teenage mothers. You say conditions vary from place to place, leave it up to local communities. So how do you reconcile that plea with what seems to be your position there ought to be a national policy on whether there are cash benefits to teenage mothers and their children?

Mr. AUSTIN. Well, it is a national policy now. My recommendation is that you change the policy, have the savings flow through and let the local governments with appropriate safeguards and checks on auditing and measuring the results, let us have that money to provide the services other than through cash. Now, do I have all of the answers or part of the answers? No, but I do know that what we are doing now is a disaster.

Mr. LEVIN. It clearly is not working. But if local communities want to provide a cash payment to the children of a teenage mother along with other services, should they be able to do that, or should there be a—

Mr. AUSTIN. I would not put a limit and I would let those local governments have it for a while, then review it, audit it, check it and see what the results are. But I would not put a lot of restrictions on the local governments on how they administer it, making sure they get the fundamental services out there.

The American people are not going to let our people go hungry. We are going to get all of the things done. We are going to provide the basic services. But how we provide those services, we have superimposed a way that was wrongheaded and counterproductive and destructive of our society. We should go back now and let us experiment at the local level and come forward with better programs, and we will come forward with some successful programs. We will stub our toe some, but we will in the end get a much better product.

The answer to your question is, yes, I would let the local governments experiment, and if there were some cash disbursement, I would permit that. I would hope that they would discourage it, because I think it is counterproductive. But I would not put a lot of restrictions on those local governments.

Mr. LEVIN. Thank you.

Chairman SHAW. The time of the gentleman has expired.

Mayor Austin, having been a mayor myself of Fort Lauderdale, Florida—

Mr. AUSTIN. I am aware that you were mayor of Fort Lauderdale, sir.

Chairman SHAW. So you can well imagine that I look at the world a lot like you look at the world and know the importance of local decisions.

I can see some problems, though, when you have a city like Jacksonville, which covers the whole county. It makes perfect sense for the Governor of Florida to allocate to you and to your local government certain programs to run in order to take a better look at this, and I applaud that. I have said that to the Governors, I have said that to the U.S. Conference of Mayors when they met here in Washington last week, and I say that again to you today.

However, when you get down to some other smaller communities, for instance, to Broward County or Dade County or Palm Beach County, and my district spreads over all those counties, you have so many municipalities that it would be impractical to set up that many types of systems.

It is our intent to put into the legislation as much flexibility as possible so that the States can make a determination as to what is practical in a particular area. We are going to set up the system such that it does not have to be the same in all parts of the States, so that, for example, the Governor of Florida can recognize that there are problems in Duval County that there may not be in Dade or vice versa. I think that is going to be the key to what we do, to give the States and localities flexibility in setting up their programs.

Mr. AUSTIN. But it does not have to go down to the States en bloc. If you take 7, 8, or 10 metropolitan areas, you would have about 90 percent of the population in Florida, and you could have a system for certain areas and another system for the smaller areas. I do not know how to do it. I do know that you know that the State bureaucracy can be as oppressive or more oppressive than the Federal bureaucracy, and we need to be able to be at our own level.

They took over at the State level in the State of Florida in the seventies, as you remember, Mr. Chairman, the administration of juvenile justice and the juvenile system away from local governments. It has continually gone the wrong way since they took it over. Now, they are gradually giving it back.

The point I am making is we can administer these programs, but hold us accountable, make sure we do it. If we do not, punish us. But I am convinced that a net gain here, because we are just spending so much money on what is coming out of the system with prisons and lost productivity and dropouts, that we have got to address it and we have got to get the money for it.

Chairman SHAW. I want to get over to Mr. Gaffney for just 1 moment. I am intrigued by your fingerprint system. Does this give instant identification as to who we are looking at?

Mr. GAFFNEY. It does. It is a finger imaging system.

Chairman SHAW. Is this a system that could be put in nationwide to be sure that the same person is not collecting benefits out of two or three States?

Mr. GAFFNEY. Exactly. Right now, it is being used in Suffolk County and we are linking up with an adjoining county, Nassau County on Long Island, so we will have a base.

Chairman SHAW. Can this also be used to be sure that the same children are not being counted in three and four families?

Mr. GAFFNEY. It is possible. That is another possible application for it. What it does is it takes a computerized finger image of the index finger. It is not the traditional ink and roller type fingerprint. It is not interchangeable with other agencies, but it can be used within an internal system or it can be used, as it will be now, as Governor Pataki has indicated he wants to do it statewide in New York. We would like to do it with other States, as well. I think on a national basis it could virtually eliminate fraud, that fraud which is part of the identification process throughout the country. It does have potential national application.

Chairman SHAW. Thank you.

Mr. AUSTIN. Mr. Chairman, if I might, the League of Cities would respectfully request to the extent possible—and we know the constraints of your time—to the extent possible, the League of Cities would very much like to participate in any way we can to be of assistance in this process.

Chairman SHAW. I yield the balance of my time to Mr. Ford.

Mr. FORD. Thank you, Mr. Chairman.

Just one follow-up question to Ms. Darling. Is there anything in this Contract With America on welfare reform that would help families stay off of welfare that you know of?

Ms. DARLING. Well, I think the most important thing that will help families stay off welfare is to have a system that brings them together and focuses on the family. So there are a lot of things that—

Mr. FORD. Is there anything in the Contract With America that you can point to that would help families stay off of welfare? I am not speaking of your research, but certainly we want those suggestions. You can give those to me, but can you point to the things in this Contract With America on welfare reform that will help families stay off of welfare?

Ms. DARLING. I think that when we look at what is going to help people stay off welfare in the Contract, it really is looking at bringing the pieces together, bringing the funding streams together, looking at ways that we can reconfigure our resources, not add new resources, ways to focus on the family in a much broader context than we have ever done before.

Mr. FORD. Would you like to respond to that, Ms. Tollett?

Ms. TOLLETT. I cannot really think of anything that really is there to strengthen family life, because, as I said earlier, we need to have expanded child care if we want mothers to work, we need to have job creation, and I do not remember it talking about it. It

talks more about time limits and caps and things that would make parenting very difficult. We think that we should want to make parenting and families work well, and so this is why I brought the suggestions that we have that we want policies that will strengthen the family, as opposed to making it difficult for mothers and fathers to raise their children.

Mr. ENGLISH [presiding]. Thank you. The gentleman's time is expired.

We appreciate this panel coming out and taking the time to share their perspectives.

We would like now to make room for the next panel. Thank you, ladies and gentlemen.

The next panel will consist of Nanine Meiklejohn, legislative specialist for the American Federation of State, County and Municipal Employees; Ron Field, senior vice president for public policy of Family Service America; Carol Romero, deputy director for research of the National Commission for Employment Policy; Harold Acres, chairman of the United Way of America Welfare Reform Task Force; Miriam Ramirez de Ferrer, president of Puerto Ricans in Civic Action.

Is Leola Stowall present?

Ms. SMITH. I am in place of Leola Stowall.

Mr. ENGLISH. And your name is?

Ms. SMITH. Leona Smith, president of the National Union of the Homeless.

Mr. ENGLISH. Thank you very much.

I would like to first recognize Nanine Meiklejohn from the American Federation of State, County and Municipal Employees. Each panelist will have 5 minutes. They are welcome to provide written testimony in addition, but, given the number of panels we have today, we will have to rigorously enforce the time limit.

Ms. Meiklejohn.

STATEMENT OF NANINE MEIKLEJOHN, LEGISLATIVE AFFAIRS SPECIALIST, AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEES

Ms. MEIKLEJOHN. Thank you, Mr. Chairman.

My name is Nanine Meiklejohn, and I am a legislative affairs specialist at the American Federation of State, County and Municipal Employees. We have a more detailed statement which we would like submitted for the record, and we appreciate being here today.

Mr. ENGLISH. It will be submitted.

Ms. MEIKLEJOHN. Today I would like to discuss some of the labor market aspects of the large-scale Workfare Program in the Personal Responsibility Act, a plan in which up to 1.5 million welfare recipients could work full time in exchange for AFDC benefits. In the typical State, this would be equivalent to working for about \$2.42 an hour.

As working men and women, AFSCME's 1.3 million members value work and are proud to serve the public. For some, joining AFSCME offered a way off welfare, because they earned so little that they qualified for food stamps.

A welfare system centered on work is fully consistent with their values, but a program which devalues workers is not. Clearly, welfare reform means making every effort to help welfare recipients get real private sector jobs. But what happens if they cannot find work? The PRA answers workfare and time limits. We think this answer overlooks the diversity of welfare recipients, the realities of the low-wage labor market, and the labor market impact of workfare.

As you know, families on welfare are not all the same. Many live unstable lives in communities with high unemployment. Some mothers function at marginal levels which are not severe enough to qualify them as disabled. Many others work in low-wage jobs which often do not qualify them for unemployment insurance, so they turn to AFDC instead during periods of joblessness.

What does the strict workfare requirement say to these families and other workers? First, it says the work record of low-wage women workers cycling between welfare and work will not count. They must work off their benefits, even though they had jobs. Second, it says to many children they will not get any cash assistance if their mothers cannot meet a full-time work requirement, for a variety of reasons, perhaps personal handicap, unstable living situations, or lack of child care.

Finally, it tells women in workfare they are second-class workers. It devalues the worth of both paid employees and welfare workers, depriving them both of the self-respect and dignity that comes from work. Because workfare assignments are not real jobs, large-scale workfare programs will drag down other workers, as employers see that they can get free labor. We will have a new game of musical jobs. The lucky ones will get real jobs which do not pay as well as they once did, and the unlucky ones will get workfare. Sometimes the unlucky will be laid off public workers who cannot find work and go to a public sector workfare program.

Consider how workfare would look in New York City. The city lost half a million jobs between 1987 and 1992. Now there are 7 job seekers for every 1 job. A weakened tax base has eventually led to city layoffs. Now the mayor is moving to put all 30,000 home relief recipients in workfare and will have to place an additional 60,000 AFDC mothers in workfare, if the PRA were enacted.

Most urban and rural areas with high unemployment will experience similar challenges of scale. Is there displacement of real jobs here? Certainly, the pressures of size will cause displacement, and the appeal of unpaid workers will be hard to pass up. In fact, the New York City Parks Commissioner, who plans to have 2,000 more workfare people than regular employees in the parks by the end of this year, recently was quoted as saying we cannot be too public about this, but this is an offbudget way to keep the parks clean as our head count declines.

If welfare reform means cleaning neighborhood parks, serving school lunches and cleaning hospitals by relying on unpaid workers on welfare, instead of paying workers a living wage, then AFSCME is not for it. But we are for a more reasonable approach which would give States flexibility to create a variety of work and training activities, including real jobs.

It would have flexible work requirements which reflect recipients' needs, local labor market conditions and employers' abilities to absorb additional workers without displacing real jobs. Strict requirements not to replace jobs of the working people are crucial. And when welfare recipients perform like regular employees, we believe they should be treated the same.

AFSCME members want to be partners in reforming welfare. They can help turn the welfare offices where they work into places that give people opportunity. We can and have developed effective relationships with local administrators of local work programs. But fundamental to real welfare reform is an understanding that valuing workers is as important as valuing work.

Real welfare reform should balance the values of work and responsibility with those of dignity and compassion. It should lead to decent jobs that pay living wages for those who can work, and provide last resort cash assistance for families when mothers cannot find jobs.

Thank you.

[The prepared statement follows:]

Statement
of the
American Federation of State, County and Municipal Employees
before the
Ways and Means Subcommittee on Human Resources
U.S. House of Representatives
on
Proposals to Reform Welfare
February 2, 1995

Mr. Chairman, my name is Nanine Meiklejohn. I am a Legislative Affairs Specialist at the American Federation of State, County and Municipal Employees (AFSCME).

AFSCME represents approximately 1.3 million members who work in state and local governments and private non-profit agencies. Our membership ranges from highly trained professionals and technicians to lower skilled low-wage and part-time employees. For some of our members, joining AFSCME offered a way off welfare because they earned so little they qualified for food stamps.

Among our members are approximately 75,000 social service workers nationwide. Many are intake workers and caseworkers in the Aid to Families with Dependent Children program (AFDC), job counselors in the employment service offices, and food stamp and medicaid eligibility workers. They sit at the center of the current debate, trying their best to carry out policies made in Washington and state capitols and to help the people who enter their offices. Yet the public leaders who talk about reform welfare give them little, if any support, or worse yet, attack them -- even as they face an increasingly difficult job with fewer resources and dwindling support.

The welfare system has changed dramatically since the late 1970s when caseworkers could coordinate services for and help their clients. Caseloads climbed dramatically during the 1980s because of recession, dramatic increases in the contingent workforce, and constricting eligibility rules under state unemployment programs. Simultaneously, federal policies changed to require local welfare offices to make eligibility verification and detection of fraud and abuse priorities over case management.

Budget cuts through the last decade compounded these problems by leaving welfare offices with reduced capacity to provide the services. For example, in urban areas in Ohio, caseworkers routinely handle 450 cases or households. When the entire household is considered, the number of persons for whom a caseworker is responsible doubles or triples.

Real welfare reform requires a commitment to reinvest in local welfare offices and simplify complex, confusing, often conflicting, requirements. Front-line workers must be empowered to help welfare recipients who can work to find jobs that pay living wages. Securing the active and meaningful involvement of front-line workers is a critical component of reinventing and changing the culture of local welfare offices.

Real welfare reform also cannot simply focus on changing the AFDC program. In particular, we do not think that significant changes in behavior can be achieved by using negative incentives which deprive children of a minimum level of cash assistance because of the actions of their parents. Among such proposals are those that would deny assistance to any child who is born while the family is on welfare, whose mother was under 18 at the child's birth, or for whom paternity is not established. There is little evidence to support the effectiveness of such a strategy, and much harm can come to young children.

AFSCME does not take issue with expectations for responsible behavior by welfare recipients, and indeed by every member of our national community. But real welfare reform is about children and jobs, and hope and opportunity must go hand-in-hand with responsibility.

That is why we believe that real welfare reform must include a comprehensive job creation and workforce development strategy leading to real jobs with decent wages, health care, and child care for all unemployed persons, including those on welfare who can work. Low income and poor women must have health coverage and good quality child care for their children in order to work. A safety net of last resort cash assistance must be preserved for children whose mothers cannot find jobs.

Work Requirements and Time Limits

As working men and women, AFSCME members value work and are proud to serve the public. They keep our communities running. They clean the streets, pick up garbage, drive school buses, serve school lunches, organize recreation programs, maintain public parks, process unemployment claims, counsel job seekers, care for the sick and disabled, and more.

A welfare system centered on work is fully consistent with our members' values. But a work program which, in effect, devalues work and destroys jobs is not.

The vision of work in the Personal Responsibility Act (PRA) is at once too limited and too extreme. On the one hand, it fails to recognize the complex factors which cause many families to seek last resort cash assistance and lacks any real job creation strategies. On the other hand, it forces states to implement a workfare program of unprecedented magnitude.

Low income and poor women seek cash assistance for their families for many reasons. A very small percentage enter the welfare system and remain continuously for five years or more. Many of them live unstable lives in

communities with very high unemployment. Some mothers function at marginal levels which are not severe enough to qualify them for disability benefits.

The vast majority of welfare recipients leave within two years, but half of those return within two years. The reasons include low educational and skill levels; declining wages at the bottom of the economic ladder; a shift from higher paying, more stable manufacturing jobs to lower paying, less stable service sector jobs; a lack of job opportunities in areas of chronically high unemployment; and, more recently, the transfer of government functions to private contractors who pay their workers minimum wages and no benefits.

These economic forces, combined with constricting state eligibility rules in the unemployment insurance program, have substantially reduced jobless protection through the unemployment program in ways that disproportionately hurt women in unstable, low paying jobs and single mothers. As a result, many low wage women workers use AFDC as a substitute for the unemployment insurance program.

A March, 1994 report entitled Income Insecurity: The Failure of Unemployment Insurance to Reach Working AFDC Mothers, issued by the Institute for Women's Policy Research (IWPR), documented this relationship between welfare, work and unemployment insurance. It found that women on AFDC during the two-year study period who did not receive UI benefits exhibited just as much work effort as AFDC mothers who did receive UI. In addition, those who received UI benefits were more likely to live in states where the UI system covered more of the unemployed and had fewer months on AFDC.

These facts indicate that a lifetime limit on AFDC payments and a 35 hour per week workfare requirement do not reflect the real-life experiences of many welfare recipients. They unfairly ignore the substantial work effort of these women and the instability and inadequacy of the low wage labor market.

Emphasizing work ahead of education and training and imposing a 35 hour per week workfare requirement for welfare benefits also is ill-advised. Welfare recipients who, in fact, are unemployed workers need jobless protection and education and training, instead of work experience. In other cases, such a strategy will cut children off welfare if their mothers are not able to meet a requirement for sustained full-time work because of personal handicaps, grinding poverty which deprives the mother and her family of the stability to support sustained full-time work, or a lack of child care.

Clearly, we must make every effort to help welfare recipients get private sector jobs, but what happens if they can't get jobs because they lack skills, they don't get effective job search assistance, or no suitable jobs exist?

The lack of decent job opportunities is very real in poor communities. For example:

- * New York City lost 500,000 jobs between 1987 and 1992 while generating only about 35,000 between the beginning of 1993 and April, 1994. The labor market was so constricted during 1992 and 1993 that 26 percent of those who exhausted their unemployment benefits (both regular and emergency) received public assistance within a year, according to a survey of unemployment insurance claimants by the New York State Department of Labor. Furthermore, according to a survey by Philip Harvey, a visiting scholar at the Russell Sage Foundation, the number of people looking for a job in New York City exceeds the number of jobs by at least 7 to 1. (Newsday, December 11, 1994)
- * In New York City's Parks Department the rate of full-time, permanent job placements in a selective program for 236 people was only 16 percent. (Newsday, December 11, 1994)
- * According to the Employment and Training Institute and Social Science Research Facility, University of Wisconsin-Milwaukee, in the week of May 23, 1994:
 - the 16,790 full-time job openings available in the Milwaukee metropolitan area represented about one-third of the jobs required for the 54,400 to 56,500 persons seeking or expected to work, including unemployed workers and AFDC and food stamp recipients considered able to work. Full-and part-time job openings totaled 30,635 openings or 56 percent of the jobs needed for the Milwaukee metropolitan population expected to work.
 - in the Community Development Block Grant neighborhoods of Milwaukee, there were approximately 8 unemployed workers for every job opening, while the number of job seekers and job openings was much more balanced in the rest of the metro area.

The PRA's answer is for the states to spend enormous amounts of time, effort and resources to set up and run a massive public sector workfare program for 1.5 million welfare recipients, the vast majority of whom need and want the opportunity to train for higher skilled employment and good jobs instead of real jobs.

Workfare slots are not real jobs. Under workfare, women receiving welfare benefits would have to work 35 hours a week without any employment rights in order to receive an AFDC grant which in the typical state is equivalent to about \$2.42 an hour for a family of three and in Mississippi, the lowest benefit state, would be \$.79 per hour.

We have no recent experience with creating such a large work program. The largest public sector work program was the Comprehensive Employment and Training Act (CETA), which enrolled 739,000 people at its peak. At the time,

approximately 1 out of every 20 state and local government workers was supported by CETA, and in some jurisdictions the ratio was as high as 1 to 6. CETA built on existing government personnel structures and employed people with a wide variety of skills in a wide variety of jobs. In contrast, the PRA requires placing twice as many people, mostly in low skilled work.

It will be impossible to operate such a massive workfare program without destroying decent paying lower skilled jobs in the public sector and contributing to a further decline in wages and benefits. Over time, local government officials can be expected to replace good paying jobs with "workfare" workers thereby reducing the number of good jobs available to lower skilled workers. Studies of the Comprehensive Employment and Training Act (CETA) documented the substitution effects of running a work program over an extended period of time. In addition, the presence of a large pool of virtually unpaid labor will depress wages and benefits for other workers.

AFSCME has extensive experience with displacement problems presented by local work programs. For example, in 1985, the union won an arbitration case in which it claimed that the state of Pennsylvania had assigned approximately 1,000 workfare participants to perform such necessary functions as filling potholes, opening mail, and processing AFDC case files, functions that would have been performed by state employees in the absence of the workfare participants.

However, employers usually have prevailed in displacement challenges. For example, in a 1986 court case in Lackawanna, New York involving 26 laid off employees, a judge rejected the union's claims of substitution even though one of the employees could not find work, eventually went on welfare and was assigned to work off his grant doing the same work he had performed as a city worker for three years.

The PRA would compound the substitution danger presented by any large-scale program by repealing a current law provision which prohibits the filling of unfilled vacancies. This action means employers could fill unfilled job vacancies with women working off their welfare benefits. City agencies in New York estimate job openings due to turnover to be between 100,000 to 150,000 a year. In theory, every one of those real jobs could be transformed in workfare assignments (although the reality is that many may not be low skilled jobs.) Other incentives to local government employers to replace paid workers with unpaid welfare workers also are present in the nutrition block grant provisions.

The implications of permitting the filling of unfilled vacancies are profound. In effect, such a policy endorses actions by state and local governments to shift the cost of local government services to the federal government by assigning workfare participants to existing job vacancies instead of hiring unemployed workers. Employers are more likely to rely on mothers working off their welfare benefits than hiring other low-skilled workers because there are virtually no labor costs for them. New jobs will not be created, employment opportunities will not expand, and resentment against the welfare system will intensify.

AFSCME'S Welfare Work Principles

A real welfare reform strategy would support and reward work by providing both training and job opportunities so that unskilled workers can move up the economic ladder. In our vision, a real welfare-to-work strategy must be a more comprehensive one which can deter participation in welfare by reversing declining wages and benefits, providing education and training opportunities, protecting and expanding real job opportunities, and rewarding work with a decent standard of living. Specifically we recommend:

1. **Individuals who work should be able to earn income support while they look or train for a new job or career when they lose a job.**

State unemployment insurance laws should be modified to reduce minimum earnings requirements and disqualification rules which deny unemployment benefits to women who leave work for a variety of work/family-related reasons or who cannot find stable decent paying jobs. Lifetime limits under AFDC should be rejected so that individuals can earn credit and income protection for the time they work.

2. **All workers should earn a living wage.**

There is dignity in all work, and low skilled workers ought to be paid enough to support their families. The current minimum wage is \$3,000 less than the income required to raise a family of three to the poverty level. It should be raised to a living wage.

In Baltimore last year, AFSCME and BUILD, a church-based organization, worked together to secure a living wage for all workers of city contractors. On July 1, 1995, these men and women who work in the most menial jobs in the city at between \$4.26 - \$5.00 an hour with no benefits will see their wages rise to \$6.10 per hour and eventually to \$7.70 per hour. As a result, we expect a reduction in the need for government assistance to supplement the wages paid by low wage employers through cash assistance, housing, medical and nutrition programs and the Earned Income Tax Credit.

All individuals should have the same education and training opportunities. Federal education, training and labor market services should be reorganized into an integrated system of job development, job placement, and education and training to provide high quality services to unemployed and low-skilled workers without regard to what program of income support they receive. Welfare recipients should not be segregated into separate education and training programs and restricted to training for low-wage jobs, low-skilled jobs.

3. **In meeting any federal participation rules, states should have flexibility to establish a variety of work and non-work activities provided there is a minimum wage floor for all work activities.**

Given the diverse skill levels and work experience of individuals on welfare, states should be permitted an array of work options including shortterm internships or training positions of no more than three months, wage subsidies, and sheltered workshops. In addition, work activities should not be the only way to demonstrate responsibility. Parenting classes, participation in school, and a variety of other non-work options should be permitted.

Instead of rigid and unrealistically high participation rules, the number and type of such work activities should be based on the needs of individuals, the condition of local labor markets, and the capacity of employers to absorb additional workers without displacing real jobs. Aggressive job creation efforts must accompany work participation goals in communities with high unemployment.

4. **Jobs for working people should not be converted into unpaid welfare work activities, and locally established wages, benefits, and labor-management relationships should not be diminished through federal or state policies.**

Welfare recipients who work like any other workers should enjoy the same wages, rights and benefits. Simple fairness calls for parity with other workers if there is virtually no difference in the work they do. In addition, to the extent that displacement occurs, equal pay and benefit protections will help ensure that the federal program will not replace paying jobs with unpaid workers.

Federal policy should be very clear in establishing the responsibility of employers not to displace working people and their jobs and should establish effective procedures to enforce them. At a minimum, current law protections must be retained in any welfare reform legislation adopted by Congress.

5. **Local unions should be regarded as a positive partners in "reinvesting" local work programs.**

Welfare work programs will affect the economic security and future of existing workers. They should have a voice in reinvesting these programs. Local unions can help organize local work projects and activities which do not jeopardize real jobs and which provide training an upward mobility for welfare recipients. The principle of involving local unions in designing, approving and implementing local work programs is an important ingredient to their success. AFSCME has developed effective working relationships with program administrators when they are reasonable and willing to ensure that existing jobs are not at risk in such places as Westchester, New York and Minnesota.

6. **States should have the flexibility and resources to implement programs and policies which make work more rewarding than welfare.**

One of the tragic fallacies of the current debate is that welfare recipients are viewed as people who are different from working people. Designing a fair welfare prevention strategy requires a recognition that low wage workers need the same child care and health care as women leaving welfare for work. Government policies should ensure that child care and health care is available to all low income families in training or work on the basis of a sliding fee schedule. In addition, states should be able to modify their welfare programs to permit mothers to earn their way off welfare and out of poverty by keeping a declining portion of their cash assistance as their earning increase.

7. **Local welfare offices must be redirected away from their almost exclusive focus on processing benefits and toward more work-oriented goals.**

Federal and state policies which require an almost exclusive focus on functions related to paying benefit checks must be modified to put more emphasis and resources on intensive case management, education, training and work. The issue is not whether government or the private sector can do a better job. In fact, local welfare offices did exactly what government policymakers wanted them to do in the early 1980s. They reoriented their efforts away from their historical social work mission and concentrated on verifying eligibility and finding fraud. The need for a better balance between these two missions is clear now.

Reorienting the welfare system to emphasize work employment opportunities requires clear federal direction to strengthen and integrate more fully the nation's welfare, education, training and labor market systems. An integrated system serving all job seekers will help remove the welfare stigma which puts recipients at a disadvantage when they look for work.

Block Grants

The PRA gives state's the option to receive a state block grant instead of continuing in the current AFDC program. It would freeze the amount of money a state would receive from the federal government at 103 percent of the amount they received in 1994. The grant would not grow from one year to the next to accommodate economic fluctuations, changes in wealth, or population. States would have more flexibility to tailor the program to their specific needs, but would have to do so with significantly less money.

Discussions are under way to convert the entire AFDC program to a block grant. Our Public Policy Department predicts that, if the next five years are like the past five, states could lose at least \$20 billion for poor families they otherwise would have received in federal aid. The hardest hit states would be Texas, California, Florida, Arizona, New York, Washington and Pennsylvania. Only three

states - Michigan, Wisconsin and Louisiana - would not lose funds under the block grant proposal. If the next five years look anything like the last five years, states' need for federal aid to mitigate the effects of economic slowdowns will recur, but the amount of federal aid would remain unchanged from the 1994 level.

Even with the current AFDC program in place over the last five years, states had to raise taxes by some \$36.2 billion just to deal with the recession-related problems they faced. If they had received no increases in federal AFDC payments those tax increases might have been an additional \$10.4 billion.

States will need more federal aid for AFDC in upcoming years, since most state economies were extremely strong in 1994. The unemployment rate (which is widely assumed to be at or near its lowest point nationally), inflation (which is at historically low levels), and population will certainly increase over the next few years. Freezing AFDC at 1994 levels ignores the likelihood that most state economies will not be doing as well in the future as they are doing today.

States that experience economic slowdowns relative to their 1994 performance would be particularly hard hit by this proposal. This is because they would be tied to a grant level awarded during an economic recovery, which would not be adequate to provide sufficient assistance during a recession. If the size of the grant does not grow, it will never meet the needs of future recessions.

The block grant proposal would abandon a 30 year-old effort to create an efficient and highly sensitive method for sharing resources between rich and poor people and states. States that become poorer relative to other states through recessions and other cyclical changes would be hurt the most. For example, many southern states historically have been poorer than the national average, and the federal government has played an important role in providing them extra federal payments to help them progress. The AFDC program has been an important part of this strategy. Thus, Mississippi receives a federal match of nearly 80 cents on the dollar and Georgia receives more than 60 cents (while Massachusetts, a wealthy state, receives the minimum amount of 50 cents).

In any given year, individual states may experience difficult times. For example, in the mid-1980s Texas and other energy-rich states faced severe fiscal distress. More recently, the northeastern U.S. and California remained in an economic downturn long after the rest of the country emerged from the 1991 recession.

The current AFDC program effectively addresses this problem by adjusting annually for changes in a state's relative wealth. When the Texas economy hit hard times, its federal match rate increased (from 54 percent in 1985 to 64 percent in 1992). If AFDC were to become a block grant, the unique ability of the federal government to perform this function will be lost.

If AFDC becomes a block grant, recessions will be deeper, last longer, and do more long-lasting damage to their victims. As the number of poor people grow, as workers lose jobs, and employment opportunities disappear, states will face three choices: seek more funds from the federal government, raise taxes, or

reduce benefits. Of these three options, only the last seems likely. Given the fact that many block-granting proponents view AFDC as a key component in their strategy to cut federal spending, the first choice seems highly problematic. The second is likely to be unpopular and may even be bad fiscal policy at the state level since the states cannot run budget deficits which have a countercyclical effect in the same manner as the federal government.

The easiest option would be to reduce benefits or create waiting lists in which newly unemployed workers may very well be at the end of the line. Thus, the program would lose its crucial ability to act as an economic stabilizer.

Providing increased federal aid to states during recessions is an efficient, effective, and appropriate role for the federal government. Automatically linking the aid to AFDC caseload sizes that result from relative economic conditions assures that the aid goes to the states and individuals that need it most at any given time.

Conclusion

The AFDC program is based on several important principles. First, as a society, it is in our national interest, economically and morally, to protect children from the ravages of poverty and ensure them the opportunity to grow and thrive. Second, in a large and wealthy nation, the federal government is the most appropriate instrument for more fortunate states and individuals to help out less well-off states and individuals, recognizing that over time their relative positions will change. Third, the federal government plays a unique fiscal role in managing the national economy with programs such as AFDC acting as important economic stabilizers nationwide and within individual states and regions.

Clearly, the welfare system needs reform through greater simplification and flexibility with more emphasis placed on moving recipients into jobs, but AFSCME believes that these basic principles are still valid. Abandoning them by moving to block grants, turning our backs on certain classes of children, or creating "welfare work" which can destroy real jobs is not real welfare reform. It will not make any of the problems go away.

The costs to society of this strategy will be high: declining tax revenue, deeper poverty, inadequate medical care, inadequate time for parents to supervise and care for children properly, and ultimately, increased hunger and hopelessness for poor women and their children if the federal and state governments look the other way and hope for best from the private market place.

Mr. ENGLISH. Thank you for your testimony.
The Chair recognizes Ron Field.

**STATEMENT OF RONALD H. FIELD, SENIOR VICE PRESIDENT
FOR PUBLIC POLICY, FAMILY SERVICE AMERICA, INC.**

Mr. FIELD. Mr. Chairman and Members of the Subcommittee, I want to thank you for giving us the opportunity to testify on this very important issue.

FSA, Family Service America, and its nonprofit member child and family service agencies is an 84-year-old network of community-based family counseling and support services throughout North America and serves over 4 million people annually in over 1,000 communities.

Our positions, therefore, on this subject are not so much ideological as they are based on a long history of serving poor and troubled families. We clearly agree that the welfare system is broken and needs to be reformed to provide families with the kind of service structure that will help them rise out of poverty, to attain true self-sufficiency and a better way of life.

What that means is that real welfare reform must attend to the health care, child care, training and employment needs of the families AFDC was designed to support and protect. True welfare reform will result in a contract between recipients and the system in which welfare recipients participate in necessary education and training and employment programs necessary to find and keep employment and leave welfare, for which in return they are provided essential support services they need, such as health care and child care, to ensure that they are able to stay off welfare.

Research shows that over 70 percent of all welfare families find their own way off the welfare rolls within 2 years. Unfortunately, about half that number return to the welfare rolls for two main reasons: The low-paying jobs they were able to get did not provide health care benefits and they could not afford medical care when they or their child were sick, and the availability of decent child care was either not available or not affordable.

To overcome this dilemma and eliminate the need for extended welfare support, four key policy considerations must be addressed, income-related, not time-limited health care coverage, perhaps through Medicaid, that extends to low-income families after they leave the welfare rolls, especially if their employer does not provide it as a benefit; developmentally appropriate child care that is also not time limited, but income related, before and after placement, employment and training information and counseling services that help people in transition to work, seek and obtain appropriate goal directed education, training and apprenticeship that lead to a job with a future and continued self-improvement and, last but not least, employment policies and community development programs that make it probable for people moving off of welfare to be absorbed by the economy in family supporting jobs. It is highly questionable whether the economy is currently in the position to do so to any great extent.

Other such important corrections also have to deal with the elimination of AFDC work disincentives and family separation policies. And to better assure a single parent's ability to get a foot up

on the ladder, there needs to be greater increased emphasis on child support responsibilities by the absent parent.

Beyond the system reform, it is important to acknowledge that many welfare families face numerous noneconomic conditions and circumstances that must be addressed, if there is to be any reasonable expectation for their success. A widely recognized component of success transition from welfare dependency to self-sufficiency is ongoing case management and community-based professional support services to help overcome problems related to employability, family finances, eldercare, family violence, substance abuse and other services and other barriers. In other words, true success will come by dealing with the human problems that go beyond mere institutional remedies.

FSA shares the concern about the high incidence of teen and unwed births that is a crisis for this Nation. Many of our agencies have projects that serve this very population. We believe the Federal Government, as well as the private sector and our communities, must make a concerted effort to find constructive ways to reverse the trend, especially since families of teen parents are at the greatest risk of long-term poverty and welfare dependency.

However, there are many reasons teenagers become parents, and no evidence to indicate that cutting off teen parents will have any great effect on the incidence of teenage pregnancy. Instead, as part of their contract, teen parents should be required to participate in school and employment and parenting skills training, provided that support services such as case management and accessible child care are available to enable full participation.

Mr. ENGLISH. Mr. Field, if you could wrap up and insert the rest for the record.

Mr. FIELD. I will. Thank you very much.

Data just released shows that fully one-fourth of the children in the United States live in poverty. This shameful statistic proves that we have a national state of emergency to which the Federal Government must respond. To ignore such a statistic only invites more despair, more hopelessness and, therefore, more crime and community breakdown, because we are creating a population segment who feels no connection to the so-called mainstream and no hope of ever getting close to the American dream.

Thank you.

[The prepared statement follows:]

**TESTIMONY OF RONALD H. FIELD
FAMILY SERVICE AMERICA, INC.**

Good morning, Mr. Chairman and members of the Subcommittee on Human Resources. On behalf of Family Service America, Inc., I would like to thank you for giving us the opportunity to testify on this very important issue of welfare reform.

Founded in 1911, Family Service America is an international organization dedicated to strengthening families through services, education, information and advocacy. FSA and its nonprofit member child and family service agencies constitute the oldest and largest network of community-based family counseling and support services in North America, serving more than four million people annually in over 1,000 communities with 11,000 professionals and 10,000 volunteers.

FSA believes that the welfare system is broken and needs to be reformed to provide families with the kind of service structure that will help them rise out of poverty to attain true self-sufficiency and a better quality of life. What that means is that real welfare reform must attend to the health care, child care, training, and employment needs of the families. AFDC was designed to support and protect. True welfare reform will result in a contract between recipients and the system, in which welfare recipients participate in necessary education and training and job search programs necessary to find and keep employment and leave welfare, and in return they are provided the essential support services they need, such as health care and child care, to ensure that they are able to stay off welfare. We believe that a move by Congress to simply shunt responsibility for the well-being of millions of children and families back to the States, or one that punishes children for their poverty and the situation of their birth, is not real welfare reform and will not give families the boost they need to permanently leave welfare.

Real Welfare Reform

Research shows that over 70 percent of all welfare families find their own way off of the welfare roles within two years. Unfortunately, about half of that number return to the welfare roles for two main reasons: the low-paying jobs they were able to get did not provide a health care benefit and they could not afford medical care when they or their child was sick, and the availability of decent child care was either not available or not affordable.

To overcome this dilemma and eliminate the need for extended welfare support, four key policy considerations must be addressed: (1) income-related, not time-limited, health care coverage (perhaps through Medicaid) that extends to low-income families after they leave the welfare roles, if their employer does not provide it as a benefit of their employment; (2) developmentally appropriate child care that also is not time-limited but income-related; (3) before- and after-placement employment and training information and counseling services that help people in transition from welfare to work seek and obtain appropriate, goal-directed education, training, and apprenticeship that leads to jobs with a future and continued self-improvement; and last but not least (4) employment policies and community development programs that make it probable for people moving out of welfare to be absorbed by the economy in family-supporting jobs. It is questionable whether the economy is currently in a position to do so to any great extent with over 5 percent unemployment and economists and monetary policy makers saying that that represents the current definition of full employment.

Health care, child care, honest job-related education and training, and effective, informative job seeking assistance for family-supporting jobs are absolutely necessary for real welfare reform, as is the elimination of AFDC work disincentives and family separation policies. And to better assure a single parent's ability to get a foot up on the ladder, there needs to be a greatly increased emphasis on child support responsibilities by the absent parent.

Beyond the systemic reforms, it is important to acknowledge that many welfare families face

numerous non-economic conditions and circumstances that must be addressed, if there is to be any reasonable expectation for their success. A widely recognized component of successful transition from welfare dependency to self-sufficiency is ongoing case management and community-based professional support services to help families overcome problems related to employability, family finances, elder care, family violence, substance abuse, and other barriers. In other words, true success will come by dealing with the human problems that go beyond mere institutional remedies.

While we agree that the welfare system is broken, we believe it needs to be fixed in a way that leads people to true self-sufficiency and not more bitterness and despair. Fixing it correctly can result in stronger families and communities and a hopeful future for their children, while ultimately saving money for governments and taxpayers. Political quick-fixes can result in more damage to already damaged lives, another generation of lost children, and still higher social and governmental costs.

Concerns

Having outlined what FSA believes is vital for welfare reform to be effective, I would like to now comment on some of the proposals currently being considered by the Subcommittee. FSA's greatest concern is with proposals in the Personal Responsibility Act that would eliminate eligibility for millions of children currently receiving AFDC benefits. The Personal Responsibility Act would exclude not only children of unwed teen mothers, but also children who have received aid for an accumulated 60 months, children whose paternity has not been established by the state, and children born to an AFDC recipient or to an individual who received AFDC at any time in the 10 months prior to the birth.

When all of these provisions are combined, more than 5 million children could find themselves suddenly ineligible for AFDC assistance. We believe the consequences of these provisions would lead to increased foster care, homelessness, family break up, and drastically increased child poverty and neglect. Although many states have already begun to implement waivers for welfare reform efforts, and others have applied for such waivers, no state has attempted to implement provisions that would cut so many children out of the system. By eliminating federal assistance to these children, states and localities will be left to find emergency support for these children in their already tight budgets. Although proponents of such provisions argue that children excluded from AFDC assistance would continue to be eligible for Food Stamps and other aid, but with current plans to block grant food programs and eliminate the entitlement for Food Stamps there is no guarantee that Food Stamps will be available to a child who has been abandoned by the welfare system.

FSA agrees that the high incidence of teen and unwed births is a great crisis for this nation, as it is for many industrial nations. We believe the federal government, as well as the private sector and our communities, must make a concerted effort to find constructive ways to reverse this trend, especially since families of teen parents are at the greatest risk of long term poverty and welfare dependency. However, there are many reasons for teenagers choosing to become parents, and we do not believe that eliminating AFDC to teen parents will have any great effect on the incidence of teenage pregnancy. We therefore oppose any provision that would punish children for their parentage by eliminating aid to the children of teen parents. Instead, as part of their contract, teen parents should be required to participate in school and employment and parenting skills training, provided that support services such as case management and accessible child care are available to enable full participation. Welfare programs should not turn their backs on the population at highest risk of long term poverty, but enable them to achieve long-term economic and family stability and well-being.

FSA opposes the 60 month cumulative time limit which would cut off aid to a family that has received a total of 5 years of aid with no exceptions. FSA is especially concerned with this proposal because it could wind up punishing families who have fully complied with a work program and have done everything within their power to leave AFDC and find steady work, but have been unsuccessful. A federal program to help families should not punish families because of

a bad job market.

This provision, too, would leave states with an additional burden, especially for low-skilled workers. In a bad economy, over which the states have little control, families who have reached their time limit would fall to state services if they are unable to find any job to support their families, but are ineligible for welfare assistance because of an absolute time limit.

Abandoning Federal Responsibility

FSA does support state flexibility for welfare reform. States are in the best position to find innovative programs that suit their own population and their own economies. States and communities have different needs. *Because one size does not necessarily fit all*, states and localities need to be given the flexibility to tailor welfare programs that best serve their communities and people.

However, we also believe that in granting flexibility, the federal government cannot abandon all federal responsibility. The federal government does have a responsibility for the well-being of the nation's people. They must assure some parameters of protection to families and guidance to states in the implementation of federal programs that serve families and children. In providing federal monies for AFDC, we must also provide federal standards that assure a minimum safety net that protects children from destitution and prevents unnecessary family break-up, that provides families in economic difficulty with the necessary supportive mechanisms that help them leave welfare and poverty and achieve self-sufficiency - be it through education and training, job counseling, job creation, health care, child care, and other support services. Instead of wasting money on a broken and defeating welfare system, government should use its resources to effectively invest in people's futures. Surely the return on investment would be much improved.

Conclusion

Data just released shows that fully one-fourth of the children in this nation are in poverty. This shameful statistic proves that we have a national state of emergency to which the federal government must respond. To ignore such a statistic only invites more despair and hopelessness, and therefore crime, because we are creating a population segment who feels no connection to the so-called mainstream, and no hope of ever getting close to "the American dream." As a nation, we can not afford to balance the federal budget on the backs of families and children. The poverty rate shows that; the crime rate shows that. No reformed federal welfare program should leave families and children worse off than they already are.

Mr. ENGLISH. Thank you, Mr. Field.
The Chair will recognize Carol Romero for testimony.

**STATEMENT OF ANTHONY P. CARNEVALE, CHAIRMAN,
NATIONAL COMMISSION FOR EMPLOYMENT POLICY, AS
PRESENTED BY CAROL J. ROMERO, PH.D., SENIOR
ECONOMIST, NATIONAL COMMISSION FOR EMPLOYMENT
POLICY**

Ms. ROMERO. Good afternoon, Mr. Chairman and Members of the Subcommittee.

My name is Dr. Carol Romero. I am a senior economist on the staff of the National Commission for Employment Policy. On behalf of the commission's chairman, Anthony Carnevale, who is out of town this week, I am pleased to submit his statement for the record on the role of employment and training programs in assisting women move from welfare to work.

As you know, the commission is an independent Federal Government agency authorized under title IV of JTPA, the Job Training Partnership Act. The commission is charged with advising the Congress and the administration on matters affecting the employment of Americans, including ways to improve the effectiveness of all employment and training programs and policies.

The commission has undertaken a great deal of research on the effectiveness of JTPA programs in assisting economically disadvantaged youth and adults and specifically women on welfare. Our research indicates employment and training programs can help AFDC recipients, especially those who are of prime working age between the ages roughly of 20 to 39.

I am aware that serious consideration is being given to block grants in AFDC to States and then permitting States to do what works best in their areas. For precisely that reason, my statement has important implications at the Federal level.

First, based on our research on JTPA and other employment and training programs, proposals to reform AFDC should be closely tied to proposals to reform and consolidate the Federal Government's job training system. There should be one bureaucracy, not two or more.

Further, the more successful training programs have several elements in common: One, decentralization; two, participation in training programs is voluntary for people; three, the programs are outcome oriented. Training is undertaken not for itself, but for a job at the end. Placing people in jobs is a primary objective.

Of course, this means that for the programs to be effective, it is imperative that the national economy and local ones, as well, be healthy. Community work experience, CWEP, is an alternative to private sector jobs. Under CWEP, AFDC recipients work for a private sector organization in return for their welfare benefits. Rather than being viewed as a form of work relief, CWEP is generally seen as a program to prepare AFDC recipients to move into unsubsidized employment.

From the perspective of welfare reform, however, a major problem with CWEP currently is that States and localities do not maintain data in a way that would allow an assessment of how often

participants move into regular employment, much less of how much of that employment can be attributed to their CWEP experience.

This leads to my final point. The fourth common element in more successful programs is that program staff have clear measurable outcome oriented goals that they are to meet, and at the national level there is accountability in how the money is spent.

Thank you.

[The prepared statement of Anthony P. Carnevale follows:]

**STATEMENT OF DR. ANTHONY P. CARNEVALE
CHAIR
NATIONAL COMMISSION FOR EMPLOYMENT POLICY**

On behalf of the National Commission for Employment Policy (NCEP), I am pleased to submit this statement on the role of employment and training programs in assisting women to move from welfare to work

I currently serve as Chairman of the Commission, an independent agency authorized under Title IV(f) of the Job Training Partnership Act of 1982. The Commission consists of fifteen members who are appointed by the President and serve in a voluntary capacity. They are drawn from business, labor, education, community-based organizations, as well as state and local governments

The Commission is charged with advising the Congress and the Administration on matters affecting the employment of Americans. While our charge is broader than employment and training policies, we are specifically mandated to "identify the employment goals and needs of the Nation and assess the extent to which . . . current policies and programs . . . represent a consistent, coordinated, and integrated approach to meeting such needs and achieving such goals."

My statement is divided into three major parts. This first section provides a brief overview of the characteristics of the population on Aid to Families with Dependent Children (AFDC).

The second section summarizes other organizations' research findings on "what works" in term of increasing AFDC recipients' likelihood of employment and also in terms of increasing their earnings. These findings are presented in order to explain gaps in knowledge that the Commission identified and subsequently sought to fill in its own research agenda.

Section III presents findings from the Commission's research on the effectiveness of JTPA programs in increasing the employment and earnings of participants

My conclusions are given in the final section.

I. DIVERSITY OF WOMEN WITHIN THE AFDC POPULATION

Before discussing the role of employment and training programs in moving AFDC recipients off welfare, I will present some information on the characteristics of these women. My purpose in presenting these figures is to indicate the diversity within the AFDC population -- a diversity that may undermine arguments in favor of a single solution to the welfare problem

Unfortunately, there is no one, solid database on AFDC recipients from which all the information relevant to deliberations on welfare reform can be gathered.¹ Clearly, this lack of complete information makes discussing the reform of welfare difficult, since effective solutions require accurate problem diagnosis. Notwithstanding some data imprecision, we can make some general observations about the welfare population overall.

First, it is well known that AFDC recipients remain on welfare for varying lengths of time. Some require welfare assistance only for a few months or perhaps a year in response to a particular emergency in their lives. Some move on and off AFDC throughout their lives. Still others remain on welfare for years. It is also well known that the AFDC population, at any point in time, is dominated by these long-term recipients

Second, at any one point in time, about 80 percent of welfare recipients are between the ages of 20

¹For example, states collect data on their AFDC caseloads which is provided to the federal government. While these data are for the total population of AFDC recipients, there is little detail on their characteristics and life circumstances. Also, every March the Current Population Survey (CPS) collects information that permits identifying persons who received benefits during the preceding calendar year. While the CPS also contains detail on the characteristics of these AFDC recipients, there is evidence that the number of such individuals is under-reported, especially those who received benefits for only a portion of the year.

Another data source, cited in this statement, is the National Longitudinal Survey of Youth (NLSY). Approximately 10,000 civilian young men and women were first interviewed in 1979 (at ages 14 to 22) and have been reinterviewed every year through 1992. This data source contains a rich amount of information on the young people's family and work experiences

and 39.² While the exact figure may fluctuate somewhat over time, its relative size is important for two reasons.

- o Concentrating program efforts on individuals within this age group would go far towards reducing the total number of women on welfare
- o People between the ages of 20 and 39 are considered to be of "prime working age," and consequently have the potential for making an easier transition into the job market than the older or younger groups

Prime-Age Women

Fortunately, there are detailed data on this segment of the welfare population.³ Roughly 20 percent are on AFDC under two years, I will call them "short-term" stayers. Over 70 percent are on AFDC four years or more. This latter group, the "long-term" stayers, are a primary target of current welfare reform efforts.

How well prepared is this group of women to enter the labor force successfully? Compared to short-term stayers, those on AFDC four years or more --

- o are much more likely to have been school dropouts when they entered AFDC (50 percent compared to 30 percent);
- o are somewhat more likely to have had a low score on the Armed Services Qualifying Test (39 percent scored in the tenth percentile compared to 32 percent among the short-term stayers)⁴;
- o are far less likely to have worked prior to enrolling in AFDC (43 percent compared to 21 percent), and
- o if they had work experience, averaged only 79 weeks of employment compared to 253 weeks for the short-term stayers

These data suggest several points. First, a sizeable percentage of the long-term stayers have educational deficits, as indicated by their lack of a high school diploma and their low AFQT scores. Certainly, for some of these women, receipt of education and training would enable them to earn enough, by themselves, to be able to leave the welfare rolls. In contrast, it is also likely that many others have such severe learning disabilities that it would be virtually impossible for them to ever earn enough, by themselves, to leave welfare, no matter how hard or how much they work.

This raises a related point, also derived from the figures above. Some women who are on welfare also work, either part-time or part-year -- a group that is nearly indistinguishable from those we classify as "the working poor." Indeed, for this group, the phrase "from welfare to work" is inappropriate.

² In 1991 the age distribution of AFDC recipients was:	
Under 20 years	8.1 percent
20 to 24 years	23.4 percent
25 to 29 years	23.8 percent
30 to 39 years	32.6 percent and
40 years and over	12.1 percent

Source: U.S. House of Representatives, Committee on Ways and Means, 1993 Green Book, p. 697.

³Data are from the National Longitudinal Survey of Youth, the women were ages 26 to 33 in 1991 and the number of years they could potentially have been on welfare dates from 1978. The figures are cited in June E. O'Neill and Dave M. O'Neill, Lessons for Welfare Reform: An Analysis of the AFDC Caseload and Past Welfare to Work Programs, Research sponsored by the National Commission for Employment Policy, (forthcoming Spring 1995).

⁴The Armed Forces Qualifying Test (AFQT) has a long history as a reliable indicator of skills and has been used by the Armed Forces for years to determine eligibility for service.

At the same time, other women on welfare do not have a job, have never had one -- and I wish to repeat -- are of prime working age. It is this group that is most in need, not only of skills training, but also of job search assistance.

One final point about work experience before I move on. It is important to note that there are long-term economic payoffs to work. Should education and training programs be part of a welfare-reform package, it may not be necessary -- nor fiscally prudent -- to provide all women with all of the services they need to leave AFDC immediately upon program completion. A post-training period of transition should be expected. As the women work, they gain experience, and experience in turn will eventually result in pay increases. These later pay increases are what will enable women to "earn their way off" welfare.⁵

Young Women

It is not just on moral grounds that the prevention of pregnancies should be a top priority for young women under the age of twenty, especially for young women who are unmarried. Data are very clear that teenagers who give birth out of wedlock are more likely to be on welfare for extended periods of time than those who do not give birth. For example, according to data from the National Longitudinal Surveys of Youth, women on AFDC four or more years (long-term stayers) were

- o younger at their first birth (58 percent were age 20 or younger, compared with 29 percent of the short-term stayers), and
- o more likely to have had their first birth out of wedlock (62 percent versus 45 percent).

Moreover, although our results are preliminary, it does not appear that skills training, by itself, is an effective strategy for this group of women. While this point is discussed in more detail later in the section on the Commission's research, it should be noted here that preliminary results from NCEP research also indicate that job placement from JTPA training programs does seem to "work," at least in terms of raising the likelihood that these young women will still be employed at least two years after they leave job training.

Older Women

For older women (e.g., age forty and above), the emphasis on jobs in current welfare reform proposals may be problematic. Society may not feel it is morally acceptable for the government to change the "rules of the game" on them abruptly. Moreover, it should be noted that older AFDC recipients are more likely than younger women to leave welfare, regardless of the government's actions. These women's children are approaching age 18, at which time the women may no longer claim them as dependents for purposes of receiving AFDC. It may be partly for this reason, that the Commission's research has shown JTPA's employment and training programs tend to be more successful for this group.⁶

In sum, data from our own and other research underscore the point that AFDC recipients are not a monolithic group. Rather, differences in age, aptitude, work history, and life experience call for complex solutions to "the welfare problem."

The Commission has undertaken several research projects that pertain to the specific role of the effectiveness of employment and training programs in assisting women to leave AFDC. Prior to engaging in this work, we reviewed other research to identify gaps in knowledge that we could fill. Next I will briefly describe this research, and gaps in knowledge that we found, in order to provide background to our own approach and findings.

There are two primary sources of information on training programs for welfare recipients: the

⁵O'Neill and O'Neill, (forthcoming), Carol J. Romero, JTPA Programs and Adult Women on Welfare: Using Training to Raise AFDC Recipients Above Welfare, Research Report Number 93-01, National Commission for Employment Policy, (June 1994)

⁶Romero, (June 1994)

"welfare-to-work" demonstration projects of the 1980s and the "national experiment" of programs funded under JTPA.⁷

II. EVIDENCE ON THE EFFECTIVENESS OF EMPLOYMENT AND TRAINING PROGRAMS

The Welfare to Work Demonstrations

The purpose of the welfare-to-work demonstrations was to learn the extent to which employment and training programs (a) increase the likelihood that AFDC recipients become employed, (b) increase their earnings, (c) decrease the number of women receiving AFDC, and (d) decrease the size of welfare payments.

The demonstrations for adult welfare recipients included the standard range of employment and training programs: basic/remedial education, skills training (both in a classroom setting and on-the-job), and job search assistance. At some sites, only one service was provided, such as job search assistance. At other sites, a series of services were provided sequentially in an open entry/open exit format. In addition, participation in the program was mandatory or voluntary, depending upon the site.

All of the demonstrations were conceived as experiments and applied the experimental methodology at program intake, individuals were randomly assigned either to a group that was to receive the services (the "treatment group") or to a group that was not to receive the services (the "control group"). The goal was to create two groups who were as similar as possible except that one received the treatment while the other did not.

The major advantage of this experimental approach is that it is possible to assess the effectiveness of the training programs independent of the characteristics of the individuals who participate in them. This is a key issue in program evaluations, since the effectiveness of a particular training program may be just as much the result of the characteristics and attitudes of the people who enroll in it, as it is the result of the training itself. This problem is technically termed "selectivity bias." For example, data may show that only well-educated individuals enroll in the training and it is the level of their prior education, rather than the actual training, that is associated with positive post-program outcomes.

For the most part, evaluations of these demonstrations indicate that there have been positive post-program outcomes for treatment group members. However, the size of the program impacts was not uniform across all the demonstrations.

From the 13 demonstrations with post-program outcomes reported by Gueron and Pauly in 1991, two general results emerged. One is that training efforts can increase women's earnings. The list below gives some of the largest differences in average annual earnings between treatment and control group members in the second post-program year for these 13 demonstrations. (A "+" sign indicates that the treatment group earned more than the control group.)

- + \$658 -- San Diego SWIM Project⁸
- + \$401 -- Baltimore Options Project
- + \$591 -- New Jersey On-the-Job Training Program

⁷For a review of the vast majority of the welfare-to-work demonstrations, see Judith M. Gueron and Edward Pauly, From Welfare to Work, New York: Russell Sage Foundation, (1991). For findings from the National JTPA Experiment, see Abt Associates Inc., The National JTPA Study, Report prepared for the U.S. Department of Labor, Bethesda, Maryland: Abt Associates, (January 1994).

⁸Saturation Work Initiative Model

+ \$871 -- Maine On-the-Job Training Program⁹

A second general result appears to be that training efforts can reduce welfare payments. Below is a list of the average annual reduction in AFDC payments between the treatment and control group members in the second post-program year for the same welfare demonstrations just listed. (A "-" sign indicates that the reductions in AFDC payments were greater within the treatment group, a "+" sign indicates they were greater within the control group.)

- \$553 -- San Diego SWIM Project
- \$ 34 -- Baltimore Options Project
- \$238 -- New Jersey On-the-Job Training Program
- + \$ 29 -- Maine On-the-Job Training Program¹⁰

However, as the numbers above suggest, the welfare-to-work demonstrations produced only modest increases in women's earnings and only modest reductions in welfare benefits. Moreover, the demonstrations did not explain either the extent to which women who became employed, remained employed or the extent to which their earnings were sufficient to move them off welfare and/or above poverty.

The National JTPA Experiment

Results on the effectiveness of programs funded under Title II of the Job Training Partnership Act (JTPA) are important in the context of welfare reform. As the government's major program for training economically disadvantaged youth and adults generally, it has trained over 120,000 adult AFDC recipients specifically on an annual basis. Further, at the local level, training programs funded under Job Opportunities and Basic Skills (JOBS) of the Family Support Act of 1988 often rely on the JTPA service providers.¹¹

Prior to presenting findings on the effectiveness of JTPA, I want to note three particular aspects of the JTPA system that are important in the context of using training programs to assist women in leaving welfare.¹²

- o JTPA is an outcomes-oriented program. Training does not occur for its own sake, the ultimate goal is training for a job. Specifically, the U.S. Department of Labor (USDOL) establishes measures of performance and assigns numerical values to them (performance standards) for the system as a whole.¹³

⁹Gueron and Pauly (1991) Table 1.1, pp. 15-20. These differences were statistically significant at the 10 percent level or higher.

¹⁰Gueron and Pauly (1991) Table 1.1, pp. 15-20. The differences for the SWIM Project and the New Jersey On-the-Job Training Program were statistically significant at the 10 percent level or higher.

¹¹Unfortunately, there are no reliable data on the extent to which JTPA and JOBS programs are integrated at the local level.

¹²Additional information on JTPA is found in two reports from the Commission: Understanding Federal Employment and Training Programs, (January 1995) and Private Industry Councils: Examining Their Mission Under the Job Training Partnership Act, (March 1993).

¹³For example, for adults the performance goals include: employment in the thirteenth week following program termination, and for those who are employed, their weekly earnings. In the Program Years 1992-93, the specific standards were a 60 percent "follow-up" employment rate and weekly earnings of \$228 for adults and \$207 for welfare recipients. Recognizing that local areas differ in their ability to meet a single national standard, the USDOL has also developed a "performance standards adjustment model." This model may be used to raise or lower a locality's performance standard to take into account factors considered to be outside the control of local administrators, e.g., economic conditions such as the unemployment rate.

- o JTPA is decentralized. Decisions regarding program operations are made at the state and local levels.
- o JTPA is a voluntary program for participants and it is discretionary, i.e., applicants are accepted into the program at the discretion of service providers.

To evaluate the effectiveness of JTPA's Title II programs, in the late 1980s the U.S. Department of Labor undertook the National JTPA Experiment, using a methodology similar to that applied in the welfare-to-work demonstrations discussed above. The JTPA experiment was conducted at 16 sites across the nation, six of which provided useable data on the JTPA participants' receipt of welfare benefits. The findings given below are based on a 30-month follow-up period, dating from the time of the individual's enrollment.¹⁴

Overall results indicated that the training programs had positive and statistically significant impacts on the earnings of economically disadvantaged adult women (and adult men). In contrast, economically disadvantaged out-of-school male and female youth (ages 16 to 21) experienced no statistically significant earnings gains.

Results also indicated that JTPA training had no impact on the AFDC recipients' receipt of benefits, measured in terms of the total amount of benefits they received during the 30-month follow-up period.

While this research on JTPA, and on welfare to work programs, have shown that employment and training programs can be effective in assisting economically disadvantaged women, and welfare recipients specifically, its findings are limited in several ways. I mentioned one earlier: the research has not indicated how many women remain employed nor how many left welfare.

More importantly, the research has not told us the "how" or the "why" training programs are effective (or ineffective). For example, is on-the-job training more effective than skills training in a classroom setting in moving women off welfare? And how effective is job search assistance by itself?

In terms of the "hows" and "whys," there is one particular limitation that should be highlighted: neither the welfare demonstrations nor the results from the JTPA experiment distinguished between participants whom service providers placed in jobs when they left the programs and those they did not place.¹⁵ **NCEP research shows the importance of an obvious, but often overlooked, point: participants' placement into jobs -- as opposed to permitting them to flounder once their training is completed -- is critical to their long-term post-program success.**

III. NCEP RESEARCH ON THE EFFECTIVENESS OF EMPLOYMENT AND TRAINING PROGRAMS

Before describing our results, I am going to digress for a moment to describe the database the NCEP uses and the approach that our research takes.

NCEP Database and Research Approach

The NCEP database is unique. It consists of the universe of JTPA participants in over 10 states and

¹⁴Abt Associates Inc., (January 1994)

¹⁵Other limitations in the designs of these evaluations should be noted. For example, neither the welfare demonstrations nor the sites of the JTPA experiment are statistically representative of all sites nationally, which means we cannot generalize findings to the nation as a whole. Also, at various sites, sizeable percentages of control group members received employment and training services from sources other than the welfare-to-work programs or JTPA. Thus, findings on the effectiveness of programs are not based on true comparisons of "receipt of services" versus "no receipt of services." For more detail, see William R. Bowman, Evaluating JTPA Programs for Economically Disadvantaged Adults: A Case Study of Utah and General Findings, Research Report Number 92-02, National Commission for Employment Policy (June 1993); and Romero, (June 1994).

covers program terminees for Program Years 1986 through 1989.¹⁶

Two sets of information have been merged in this database. One part contains data on JTPA participants (their personal characteristics and JTPA activities). The second part contains data on the participants' quarterly earnings that are from the states' Unemployment Insurance (UI) wage records. The UI wage records are available for four quarters (one year) prior to their entry into JTPA and also for eight quarters (two years) after they have left the programs.

With this database, our research uses a "non-experimental" approach, which can be of two types. One uses statistical techniques to identify an external comparison group -- individuals who did not participate in training but for whom there is information in an already existing data file (such as registrants with the Employment Service).¹⁷

A second approach creates an internal reference group. In this case, all individuals being examined are in the treatment group. They are differentiated by the type of treatment they receive. A group who received a particular type of treatment becomes the reference group against which the other groups are compared. The results are the estimated relative impacts of receipt of one type of treatment versus another.¹⁸

Both of these techniques must adjust statistically for the problem of selectivity bias, noted above.

NCEP Findings

The first set of findings I will report pertain to the impact of JTPA programs on adult women (ages 22 and older) who, at the time they enrolled in JTPA programs, not only were on AFDC, but also had not worked in at least a year prior to program entry.¹⁹ At the time they left JTPA (in Program Year 1986),

- o 75 percent were placed in jobs,
- o 4 percent enrolled in non-JTPA education or training; and
- o 21 percent left early for reasons such as problems with transportation, child-care, or health

Of the women placed in jobs,

- o 18 percent were above the 1990 three-person family Census poverty threshold in their first post-program quarter²⁰,
- o 16 percent were above this poverty threshold in their first post-program year²¹, and
- o 22 percent were above this poverty level in their second post-program year.

By comparison, of the women who left JTPA training prior to placement,

¹⁶While the precise states included in the database vary from one Program Year to another, the following states are in it for all years: Georgia, Illinois, Missouri, Nevada, Oregon, South Carolina, Texas, and Washington.

¹⁷The comparison group is analogous to an experiment's control group: it becomes the reference group against which the post-program employment and earnings of program participants are assessed. The results are the estimated net impacts of the treatment. See Bowman, (June 1993).

¹⁸For example, see Romero (June 1994) and William R. Bowman, An Analysis of the Employment and Earnings Impacts of JTPA Programs for Out-of-School Youth, Report prepared for the National Commission for Employment Policy, (December 1994).

¹⁹These findings are contained in Romero, (June 1994).

²⁰The quarterly threshold is \$2,471.

²¹The threshold is \$9,885.

- o 2 percent were above the 1990 three-person Census poverty threshold in their first post-program quarter;
- o 2 percent were above this poverty threshold in their first post-program year; and
- o 7.5 percent were above this poverty threshold in their second post-program year.

Turning to the women who were not only placed but also employed each quarter in a post-program year, the results are more encouraging. (Half were employed each quarter in their first post-program year, 47 percent were employed each quarter in their second post-program year.) In their first year, almost 40 percent were above the Gross Income Limit for AFDC determination in their state, and 31 percent were above the Census poverty level for a three-person family.²² In their second year, 71 percent were above the Gross Income Limit for AFDC determination in their state, and 44 percent were above the Census poverty level for a three-person family.

In contrast, of the women who left the programs early, in their first post-program year, only 14 percent were employed in each quarter. Among these women, 34 percent were above the Gross Income Limit for AFDC determination in their state, and only 14 percent were above the Census poverty level for a three-person family. In their second year, 27 percent were employed in each quarter. Among them, 65 percent were above the Gross Income Limit for AFDC determination in their state; and 27 percent were above the Census poverty level for a three-person family.

Moreover, compared to job placement from the minimal service of job search assistance, placement out of both occupational classroom training and on-the-job training significantly raised the likelihood that these AFDC recipients would be employed in every quarter of the first and the second post-program years. For example, in the first year, the women placed from on-the-job training were 9 percent more likely to be employed than those placed from job search assistance; in the second year, they were 6 percent more likely to be employed all four quarters.

For those who were employed all four quarters, training in -- and placement from -- skills training as well as basic remedial education was associated with a higher likelihood of being above the three-person poverty threshold. For instance, in the first post-program year, women placed from occupational classroom training were 8 percent more likely, on average, to be above poverty than those placed after receipt of job search assistance. In the second post-program year, they were 11 percent more likely to be above poverty.

Turning to out-of-school, economically disadvantaged young women (ages 18 through 21), NCEP research has found that on-the-job training is the most effective strategy for insuring continued employment (into their second post-program year) and also for raising their earnings.²³ I should note that this particular finding does not conflict with my earlier statement that job placement is key for 18 to 19 year-olds. A major purpose of JTPA's on-the-job training is continued employment with the same employer after the training has been completed, i.e., job placement. Moreover, this finding is for economically disadvantaged young women, only some of whom are on AFDC.²⁴

In addition, for economically disadvantaged young women, the Commission's research indicates that placement from occupational classroom training increases the likelihood of their employment as much as two years after they leave JTPA, and it raises their earnings as well.²⁵

²²The Gross Income Limit is the maximum amount a family can earn and still receive AFDC benefits. It is established at the state level and varies considerably across states; for example, in 1993, it ranged from \$2,799 per month in New Hampshire to \$577 in Missouri.

²³William R. Bowman, (December 1994).

²⁴It should be mentioned that this finding does not conflict with those from the National JTPA Experiment. The experiment combined participants in on-the-job training and job search assistance into one group. The Commission's research has found that job search assistance is the least effective program and that on-the-job training is the most effective. Thus, the experiment combined participants of the least effective -- and the most effective -- strategies into one category, thereby producing an overall finding that neither "worked." See Bowman, (December 1994).

²⁵Bowman, (December 1995).

While there are success stories regarding the outcomes of employment and training programs for young AFDC recipients, the results are not as positive as for the older women. For example, among 18 to 19 year-olds placed in jobs, only 40 percent were employed in three to four quarters in their second post-program year and only 14 percent earned enough to rise above the three-person poverty threshold.²⁶

The reasons why employment and training programs are less successful for younger than older women may be straightforward. First, in the normal course of events, they are in their child-bearing years when leaving the workforce for a period of time is most common. Second, we ought to take into account what behavior we expect of them and compare it with our expectations regarding the behavior of college freshman and sophomores, who frequently manifest some level of immaturity in their rapidly changing career aspirations.

The importance I have placed on "job placement" raises the issue of public sector jobs since it has been proposed that the public sector become the employer of last resort as we move welfare recipients into the workplace. Unfortunately, there is little information on this topic that could guide policymakers.

Community Work Experience (CWEP) is a program for AFDC recipients authorized under JOBS. In this program, AFDC recipients work for a public service organization (public agency or not-for-profit organization) in return for their welfare benefit. Rather than being viewed as a form of work relief, CWEP is generally seen as a program to prepare AFDC recipients to move into unsubsidized employment.

As of September 1991, only thirty states operated active CWEP programs, and of those, only 12 states had enrolled more than 150 welfare recipients in them.²⁷ One striking fact about CWEP is the lack of systematic data on outcomes. States and localities do not maintain data in a way that would allow an assessment of how often CWEP participants move into regular employment, much less of how much of that employment can be attributed to the CWEP experience.

One final point. I began my statement with an implicit recommendation in favor of targeting welfare reform efforts on AFDC recipients of prime-working age, i.e., roughly 20 through 39 years old. JOBS also targets priority services for AFDC recipients who

- o have received assistance for 36 months or more during the preceding 60 months,
- o are under age 24 who have not completed high school or its equivalent;
- o are under age 24 who have three months or less work experience in the preceding year; and
- o are in families in which the youngest child is within two years of eligibility.

As you consider possible options for targeting particular groups, you should be aware that targeting criteria have implications for the racial/ethnic mix of women who are served.²⁸ For example, the Commission's case study of AFDC recipients in Texas found that of all women eligible for JOBS, the greatest percentage are Hispanic, followed by Blacks, and then Whites (41 percent, 37 percent, and 22 percent, respectively). However, within JOBS target groups, which include just under half of all recipients eligible for JOBS, Black women comprise the largest share (44 percent), followed

²⁶Similar to the findings for older women, the young AFDC recipients who left JTPA prior to completion were even less likely to be employed: only one fifth worked in three to four quarters of their second post-program year. Further, the number above the three-person poverty level was too small to be considered reliable. Romero, (forthcoming, Spring 1995).

²⁷This discussion is based on Edward T. Jennings, Jr., and Dale Krane, *The Employer Role and Program Outcomes in Welfare Work Programs*. Report prepared for the National Commission for Employment Policy, (June 1994).

²⁸This discussion is based on Deanna T. Schexnayder, Christopher King, and Leslie O. Lawson, *Patterns of Participation in Texas Welfare and Training Programs: How Hispanics Differ from Other Race/Ethnic Groups*. Report prepared for the National Commission for Employment Policy, (September 1994).

by Hispanics (41 percent), and then Whites (16 percent).

The reason for this difference is due to the racial/ethnic distribution of AFDC recipients by type of target group. In Texas, long-term AFDC receipt is the most common JOBS target group for all race/ethnic categories. Due to the fact that Blacks make up the highest percentage of participants in this category, a disproportionately higher percentage of Blacks are targeted for this reason.

The second most common reason for targeting in the Texas JOBS program is lack of a high school diploma. More Hispanics are in this category than either Blacks or Whites.

IV. CONCLUSIONS

Employment and training programs should be included in any reform of the nation's welfare system. I am aware that serious consideration is being given to proposals to block grant AFDC to states and to permit them to establish the programs that work best for them. Should this be the outcome of congressional action, then much of my statement is directly relevant to states' needs. Nevertheless, my statement also has implications at the federal level: **proposals to reform AFDC should be closely tied to proposals to reform and consolidate the federal government's job training system.**

Past attempts to include employment and training in welfare reform have not been successful, largely for two reasons:

- o Management has been fragmented. There have been two bureaucracies -- one aimed at providing AFDC benefits and another aimed at providing training and jobs -- when one bureaucracy is required.
- o There have been no performance goals. The AFDC system under JOBS has had no percentage of job placements -- or other similar goal -- which it sought to meet.

A successful employment and training program for welfare recipients would include the following four elements.

1. **The focus would be on women who are of prime-working age.** Prevention of teen pregnancy and out of wedlock births would be the focus for younger women.
2. **Receipt of training and job search assistance would be voluntary.** Women would have a choice. Their alternative might not be attractive, but they would have a choice nevertheless.
3. **Program staff would have clear, measurable goals that they are to meet.** Shifting to an outcomes-oriented system would be unsettling for staff devoted to helping AFDC recipients. Certainly difficulties were experienced in a similar transition from the Comprehensive Employment and Training Act (CETA) to JTPA. Nevertheless, such a redirection in emphasis can, and should, occur.
4. **Placing people in jobs would be a primary program objective.** For some AFDC recipients, job placement could be immediate; other women may first need only job search assistance; others may require skills training. Still others may need basic/remedial education before they are prepared to take training and subsequently be placed in jobs.

This last element of a successful employment and training system -- job placement -- leads me to my final statement. For welfare reform to be effective, it is imperative that the national economy, and local ones as well, be healthy. The private sector must be able to create and retain jobs, and for that reason, welfare reform must be seen in the larger context of national economic policy.

Thank you once again for the opportunity to participate in these hearings. I will be happy to entertain any questions that you might have.

Mr. ENGLISH. Thank you, Dr. Romero.
I will now recognize Harold Acres.

**STATEMENT OF HAROLD R. ACRES, CHAIRMAN, WELFARE
REFORM TASK FORCE, UNITED WAY OF AMERICA**

Mr. ACRES. Mr. Chairman and Members of the Subcommittee, I am Harold Acres, chairman of the United Way of America's Welfare Reform Task Force and a United Way volunteer from New Hampshire.

Thank you for inviting me here today. I will speak on behalf of United Way of America's Public Policy Committee. I am submitting two documents and request that they be printed in the hearing record. First, you have my full written statement; second, because United Way supports local charities like the Salvation Army, YWCA, YMCA and Catholic Charities, we are submitting for the record a statement on the role of charities in welfare reform which is cosigned by local United Ways and United Way agencies.

United Way of America supports and serves approximately 1,400 local United Way member organizations across the country. Local United Ways serve as both community fundraisers and problem solvers. Local United Ways support programs that ease the transition from welfare to work.

The welfare system can and should be improved to promote work and self-sufficiency. At the same time, reforms should be tailored to ensure that children have a safety net when they need it.

Today I will briefly comment on three key points. First, the Public Policy Committee supports welfare reform which builds on the successful public/private partnership between local United Ways and public funders. Second, while we are not opposed to turning welfare programs into block grants to the States, we have some concerns about this approach to welfare reform. Finally, charities may be able to do more, but they cannot provide adequate emergency and basic services and continue prevention and education programs, if public funding is reduced significantly or eligibility for public assistance is limited.

By providing private dollars for transitional services, local United Way volunteers assist welfare recipients. In this way, local businesspeople are involved in community decisionmaking to prepare welfare recipients for work. Through the regular United Way program evaluation process, volunteers and staff have become convinced that programs that focus on welfare to work are an integral part of a successful assistance program.

Recently, the Public Policy Committee met to deliberate on the move toward creating welfare block grants. We recognize that block grants can provide valuable flexibility to States to target those most in need for coverage and to tailor programs to local experience. However, Federal welfare reform should ensure that all children and families are treated equally, regardless of the State in which they reside or the timing of their need.

It is critical that human services block grants maintain eligibility for those in need when the economy changes. Therefore, we urge you to build a flexible mechanism into any block grant proposal to address the impact of an economic downturn. Charities have difficulty increasing services when the economy goes bad. In fact,

charitable giving is reduced when givers feel uncertain about their own economic security.

The Public Policy Committee has assessed the ability of charities to fill the gap that may be left, if Federal funding for basic emergency and transitional services is reduced or eliminated. In the past, charities were unable to provide the basic support needed by poor families. While United Ways do fund emergency services like soup kitchens and shelters, charitable support cannot replace the basic safety net. Cuts in Federal funding are unlikely to result in increases in charitable giving of the magnitude needed to replace a lost or reduced Federal commitment. In fact, according to the Center on Budget and Policy Priorities in the American Association of Fund-Raising Council, charitable giving would have to double in order to replace human services funding that would be lost under some proposals currently being considered. In the early eighties, according to the Urban Institute's Nonprofit Sector Project, charitable giving made up only 7 percent of the \$42 billion that was lost.

It is important that there continue to be a Federal presence and commitment to the needs of poor families. Federal involvement has insured a basic level of assistance across the States. Charitable giving and needs are uneven across States and localities. Private charitable giving cannot serve the function of evening out public assistance across the States and localities. Only the Federal Government can perform this function.

United Way and other charities we support can and do provide services efficiently, creatively and with more flexibility than government. In fact, a great many public functions are currently being performed by private charitable organizations as a subcontractor to government. Those who would prefer to have the charities do more must remember that they strand so forth every dollar, often augmented by Federal funding and United Way support.

It is important to bear in mind that public funding provides 42 percent of local agency resources. The combined private charitable resources of United Way contributions and agency fundraising is only 0.4 percent of agency budgets.

[The prepared statement and attachment follow:]

STATEMENT FOR THE RECORD

Submitted to
Committee on Ways and Means
Subcommittee on Human Resources

by

Harold R. Acres, Nashua, New Hampshire
on behalf of
**Welfare Reform Task Force of the
Public Policy Committee of
United Way of America**

February 2, 1995

Mr. Chairman and Members of the Committee, I am Harold Acres, the Chairman of the United Way of America Welfare Reform Task Force and a United Way volunteer from New Hampshire. Thank you for inviting me here today to speak on behalf of United Way of America's Public Policy Committee.

United Way of America supports and serves approximately 1400 local United Way member organizations across the country. Local United Ways serve as both community fundraisers and problem solvers. In their capacity as community problem solvers, United Way volunteers and United Way professionals have long been partners with government in funding welfare-to-work initiatives. Local United Ways support programs that ease the transition from welfare to work, including, child care, job training, job acquisition, education, and prevention of teen pregnancy.

United Ways and Welfare Reform

United Way of America supports welfare reform because our welfare system can and should be improved to promote work and self-sufficiency. At the same time, we believe that reforms should be tailored to ensure that children do not lose the support of a safety net when they need it.

Local United Ways provide funding, often in partnership with federal and state governments, for many supportive and transitional services for welfare recipients. A significant proportion of United Way dollars fund programs for children. At the cornerstone of our position statement on welfare reform is a guiding principle: ensure that the best interests of children are always taken into consideration.

With this in mind, we examined hands-on experiences of United Ways in addressing the major issues before you today. In our efforts to enhance the lives of children, United Ways also focus on stabilizing the family. Examples include:

- **Child care.** 83% Of local United Ways responding to a United Way of America survey are funding child care programs and have found it to be the second most effective program in assisting people to become employed and self-sufficient. Our position statement strongly supports adequate funding for child care for parents who are in education and training programs, poor working families who have recently left welfare or those managing to stay off of welfare through the child care subsidy of the At-Risk Child Care Block Grant.
- **Education and training programs.** The 1993 welfare reform survey of local United Ways found that members describe training and employment programs as the

most effective in assisting people in the community to become employed and self-sufficient. Fifty-five percent of those local United Ways fund such programs.

United Ways frequently partner with government in JOBS programs. In Cincinnati, over 1 million dollars of local United Way resources support programs also funded by the Federal Jobs Program.

The Public Policy Committee also has adopted positions on current issues which contribute to poverty. Just as we focus on the needs of young children, we place a high priority on the problems of poor families. Following are specific issue areas we contemplated and our views on addressing them.

- **Teen parents.** A recent survey of local United Ways found that 75% are funding teen pregnancy prevention and parenting counseling programs. We strongly support funding for education and training for teen parents that focuses on developing parenting skills and responsible decision-making.
- **Two Parent Families.** Current eligibility requirements deny assistance to households in which one parent works more than 100 hours per month (regardless of earnings) or lack a work history. These rules create a disincentive to marry, particularly in young families who may not have a work history. United Ways strongly support eliminating these eligibility requirements, support basing eligibility on earnings, and urge greater flexibility to encourage families to stay together.
- **Time limits.** As we have stated, United Ways strongly support initiatives that help welfare recipients move from welfare to work. We have serious reservations regarding arbitrary time limits. Welfare reform should recognize the diversity in needs among poorly trained and educated job seekers. We suggest that individualized time limits imposed by both the recipient and case manager would more effectively move welfare recipients into jobs. Such an agreement should clearly state the expectations of both the recipient and case manager.
- **Family caps.** We do not support eliminating eligibility for assistance for children born to welfare recipients. This proposal could jeopardize many innocent children and destabilize families. We have seen no research data that such a policy would influence behavior nor reduce the poverty rate among children.

By providing private dollars for transitional services, local United Ways are involving volunteers in the effort to assist welfare recipients through the United Way allocation process. In this way, local business people are involved in community decision-making to prepare welfare recipients for work. Through the regular evaluation process of United Way programs, volunteers and staff have become convinced that well-run programs, with real success at moving people from welfare to work, are an integral part of an assistance program focused on work.

Block Grant Options

Recently, the Public Policy Committee met to deliberate on the move toward creating welfare block grants. We recognize that block grants may provide valuable flexibility to states to target those most in need for coverage and to tailor programs to local experience. However, block grants might also create gaps in coverage unless they are designed to ensure coverage to those who are eligible and needy.

Traditional block grants flow until the funds are gone. Federal welfare reform should ensure that all children and families are treated equally, regardless of the state in which they reside or the timing of their need. During a recession need generally rises, while charitable giving often declines. It is critical that human services block grants maintain eligibility for those in need when the economy changes. Therefore, we urge you to build a flexible mechanism into any block grant proposal to address the impact of an economic downturn. Charities have difficulty increasing services when the economy goes bad; in fact, charitable giving is reduced when givers

feel uncertain about their own economic security.

Charities' Role in Welfare Reform

We have assessed the ability of charities to fill the gap that may be left if federal funding for basic, emergency and transitional services is reduced or eliminated. Our review of past experience demonstrates that charities were unable to provide the basic support needed by poor families. We and other charities encouraged the creation of a federalized system of basic and emergency support to ensure minimum support for families in need. While United Ways do fund emergency services, like soup kitchens and shelters, charitable support cannot replace the basic safety net provided by AFDC and food stamps. Cuts in federal funding are unlikely to result in increases in charitable giving of the magnitude needed to replace a lost or reduced federal commitment. In fact, according to the Center on Budget and Policy Priorities and the American Association of Fundraising Counsel, charitable giving would have to double in order to replace human services funding that would be lost under some proposals currently being considered. In the early 80's, there were about \$42 billion in cuts to Federal programs of interest to nonprofits. But, charitable giving made up for only 7% of the lost federal funds.

It is important that there continue to be a federal presence and commitment to the needs of poor families. Federal involvement has ensured a basic level of assistance across the states. In particular, the food stamp program, through its eligibility formula, reduces the difference in public assistance levels across the states. On the other hand, charitable giving and needs are uneven across states and localities. Private sector giving is decentralized and has no mechanism for redistribution across geographic boundaries. Private charitable giving cannot serve the function of evening out public assistance across the states and localities - only the federal government can perform this function.

United Ways and other charities we support can and do provide services efficiently, creatively and with more flexibility than government. In fact, a great many public functions are currently being performed by private, charitable organizations as a subcontractor to government. In United Way agencies, 42% of funding comes from government sources. This is the same funding that may be reduced or eliminated under some proposals. Those who would prefer to have charities do more must remember that they stretch every dollar, often augmented by federal funding and United Way support. It is important to bear in mind that while public funding provides 42% of local agency resources, the combined private charitable giving of United Way contributions and agency fundraising is only 24% of agency budgets.

Tax Policies and Charitable Giving

In closing, let me address the issue of tax incentives for charitable giving. Changing the tax code may be helpful in providing incentives to encourage increased giving. However, we caution that providing a tax return check off or an increased deduction may cost human service charities down the line. The question is: if you dedicate part of your tax refund to charity, will you continue to give directly? We urge you to keep in mind the potential unintended consequences of these tax incentives.

We have taken a cursory look at proposals which would create a tax credit for charitable giving. Unlike a charitable deduction, a credit might have a significant affect on giving. We intend to take a closer look at a charitable tax credit and will seek research data to support such a conclusion. In the meantime, we hope that we can work together on any tax proposals which attempt to increase charitable giving.

For these reasons, we applaud the very real efforts at welfare reform that focuses on work, flexibility, and local needs. The Public Policy Committee urges you to bolster the valuable private/public partnerships that exist today. Further, we encourage continued emphasis on transitional assistance to those moving from welfare to work. At the same time, we caution those who think that charities can do more.

The Public Policy Committee is also concerned about the appropriateness or ability of charities to shift funding from prevention and education to basic and emergency services. It is not a good idea: nonprofits do not have the charitable resources to recreate the safety net. United Way of America's Public Policy Committee strongly supports welfare reform that encourages work and self-sufficiency, while ensuring a safety net to protect poor children across the nation.

Thank you, Mr. Chairman, for this opportunity to testify before your committee. We look forward to working with you to develop meaningful welfare reform.

**UNITED WAY OF AMERICA'S PUBLIC POLICY COMMITTEE
COSIGNERS OF STATEMENT:
THE ROLE OF CHARITIES ON WELFARE REFORM**

National Agencies

Camp Fire Boys and Girls
Catholic Charities U.S.A.
Evangelical Lutheran Church in America
Girls Incorporated
Girl Scouts of the U.S.A.
Family Services of America
Literacy Volunteers of America
National Council on Alcoholism and Drug Dependence, Inc.
National Urban League
United Service Organization, Inc.
YWCA of the U.S.A.

State and Local United Ways

United Way of Calhoun County, Anniston, Alabama
United Way of Southwest Alabama, Mobile, Alabama
United Way of Kern County, Bakersfield, California
United Way of Santa Cruz County, Capitola, California
United Way of Orange County, Irvine, California
United Way of Greater Los Angeles, Los Angeles, California
Monterey Peninsula United Way, Monterey, California
United Way of the Inland Valleys, Riverside, California
Northern California Community Services Council, Inc, San Francisco, California
San Francisco Bay Area United Way, San Francisco, California
Mile High United Way, Denver, Colorado
United Way of the Capital Area, Hartford, Connecticut
United Way of Connecticut, Inc., Rocky Hill, Connecticut
United Way of Northeast Florida, Jacksonville, Florida
United Way of Northwest Florida, Panama City, Florida
United Way of Palm Beach County, West Palm Beach, Florida
United Way of Martin County, Stuart, Florida
United Way of Northwest Georgia, Dalton, Georgia
United Way of the Central Savannah River Area, Augusta, Georgia
United Way of Rome & Floyd County, Rome, Georgia
United Way of Southwest Georgia, Albany, Georgia
Hawaii Island United Way, Inc., Hilo, Hawaii
United Way of Ada County, Boise, Idaho
United Way of Idaho Falls & Bonner County, Idaho Falls, Idaho
United Way of Aurora Area, Aurora, Illinois

Family Service and Visiting Nurse Association, Centralia, Illinois
 United Way of Decatur/Macon County, Decatur, Illinois
 Illinois Center for Autism, Fairview Heights, Illinois
 The Wells Center, Jackson, Illinois
 United Way of Quad Cities Area, Rock Island, Illinois
 United Way of Illinois, Springfield, Illinois
 United Way of Sangamon County, Springfield, Illinois
 Visiting Nurse Association of St. Clair County, Swansea, Illinois
 United Way Partnership, Illinois
 Operation Blessing, Wood River, Illinois
 United Way of Madison County, Anderson, Indiana
 United Way of Allen County, Inc., Fort Wayne, Indiana
 Lake Area United Way, Griffith, Indiana
 United Way of Central Indiana, Indianapolis, Indiana
 United Way of Horrid County, Kokomo, Indiana
 United Way of Central Iowa, Des Moines, Iowa
 United Way of Wyandotte County, Inc., Kansas City, Kansas
 Big Brothers/Big Sisters of Manhattan, Manhattan, Kansas
 Manhattan Emergency Shelter, Inc., Manhattan, Kansas
 United Way of Riley County, Inc., Manhattan, Kansas
 The Crisis Center, Inc., Manhattan, Kansas
 United Way of Northern Kentucky, Florence, Kentucky
 United Way of the Bluegrass, Lexington, Kentucky
 United Way of Kentucky, Louisville, Kentucky
 Metro United Way, Louisville, Kentucky
 Capital Area United Way, Baton Rouge, Louisiana
 United Way of Acadiana, Lafayette, Louisiana
 United Way of Penobscot Valley, Bangor, Maine
 United Way of Mid Coast Maine, Bath, Maine
 Big Brothers/Big Sisters of Monroe, Monroe, Michigan
 Frey Foundation, Gran Rapids, Michigan
 Livingston County United Way, Howell, Michigan
 United Way of Michigan, Lansing, Michigan
 United Way of Monroe County, Inc., Monroe, Michigan
 United Way of Oakland County, Pontiac, Michigan
 United Way of Saginaw County, Saginaw, Michigan
 United Way of Minneapolis Area, Minneapolis, Minnesota
 United Way of Greater Lee County, Tupelo, Mississippi
 Heart of America United Way, Kansas City, Missouri
 Lutheran Family and Children's Services of Missouri, St. Louis, Missouri
 United Way of Southern Nevada, Las Vegas, Nevada
 United Way Monmouth County, Farmingdale, New Jersey
 United Way of Hudson County, Jersey City, New Jersey
 United Way of Central Jersey, Milltown, New Jersey
 United Way of Morris County, Morristown, New Jersey
 United Way of Passaic County, Patterson, New Jersey
 United Way of Central New Mexico, Albuquerque, New Mexico
 United Way of Niagara, Niagara Falls, New York

United Way of Central New York, Inc., Syracuse, New York
 United Way of the Greater Utica Area, Inc., Utica, New York
 Community Action Agency of Southern New Mexico, Las Cruces, New Mexico
 United Way of Central Carolinas, Inc., Charlotte, North Carolina
 Tri County Christian Crisis Ministry, Elkea, North Carolina
 Catawba County United Way, Inc., Hickory, North Carolina
 Catawba Valley Area Girl Scout Council, Inc., Hickory, North Carolina
 Hospice of Catawba Valley, Hickory, North Carolina
 Rape Crisis Center of Catawba County, Inc., Hickory, North Carolina
 Women's Resource Center, Hickory, North Carolina
 Hospice of Wilkes, North Wilkesboro, North Carolina
 United Way of Wilkes County, North Wilkesboro, North Carolina
 United Way of Wake County, Inc., Raleigh, North Carolina
 United Way of Cass-Clay, Fargo, North Dakota
 United Way & Community Chest of Greater Cincinnati, Cincinnati, Ohio
 Columbus AIDS Task Force, Inc., Columbus, Ohio
 Columbus Area Council on Alcoholism, Columbus, Ohio
 Crittenton Family Services, Columbus, Ohio
 Jewish Family Services of Columbus, Ohio
 Rosemont Center, Columbus, Ohio
 Salesian Boys & Girls Club, Columbus, Ohio
 The Ohio Hunger Task Force, Columbus, Ohio
 Ohio United Way, Columbus, Ohio
 United Way of Franklin County, Columbus, Ohio
 Wisdom Communications, Columbus, Ohio
 YWCA of Columbus, Columbus, Ohio
 United Way of Hancock County, Findlay, Ohio
 United Way of Fairfield County, Lancaster, Ohio
 United Way of Richland County, Mansfield, Ohio
 United Way of Portage County, Ravenna, Ohio
 Shelby County United Way, Sidney, Ohio
 United Way of Trumbull County, Warren, Ohio
 United Way of Lane County, Eugene, Oregon
 Visiting Nurse Association/Home Health Services, Edwardsville, Pennsylvania
 United Way of the Greater Lehigh Valley, Bethlehem, Pennsylvania
 United Way of Pennsylvania, Harrisburg, Pennsylvania
 United Way of the Capital Region, Harrisburg, Pennsylvania
 United Way of Beaver County, Monaca, Pennsylvania
 United Way of Lackawanna County, Scranton, Pennsylvania
 Catholic Social Service/Wyoming County, Wilkes-Barre, Pennsylvania
 Community Counseling Services, Wilkes-Barre, Pennsylvania
 Domestic Violence Service Center, Wilkes-Barre, Pennsylvania
 Family Service Association of Wyoming Valley, Wilkes-Barre, Pennsylvania
 Help Line, Wilkes-Barre, Pennsylvania
 Hospice St. John, Wilkes-Barre, Pennsylvania
 Legal Services of Northeastern Pennsylvania, Inc., Wilkes-Barre, Pennsylvania
 United Cerebral Palsy of Luzerne County, Wilkes-Barre, Pennsylvania
 United Rehabilitation Services, Inc., Wilkes-Barre, Pennsylvania

Visiting Nurse Association Home - Health Services, Wilkes-Barre, Pennsylvania
 Wilkes-Barre Family YMCA, Wilkes-Barre, Pennsylvania
 Wyoming Valley Alcohol and Drug Services Inc., Wilkes-Barre, Pennsylvania
 Wyoming Valley Children's Association, Wilkes-Barre, Pennsylvania
 United Way of York County, York, Pennsylvania
 Fondos Unidos de Puerto Rico, San Juan, Puerto Rico
 United Way of Southeastern New England, Providence, Rhode Island
 Helpline of the Midlands, Columbia, South Carolina
 Community Planning Council of Greenville County, South Carolina
 United Way of Greenville County, Greenville, South Carolina
 United Way of Middle Tennessee, Nashville, Tennessee
 United Way of Brazoria County, Angleton, Texas
 United Way of Texas, Austin, Texas
 United Way of El Paso, El Paso, Texas
 United Way of the Texas Gulf Coast, Houston, Texas
 United Way of Metropolitan Tarrant County, Fort Worth, Texas
 United Way of Lubbock, Inc., Lubbock, Texas
 United Way of the Concho Valley, San Angelo, Texas
 United Way of Greater Texarkana, Inc., Texarkana, Texas
 Mainlands Communities United Way, Texas City, Texas
 United Way of Chittenden County, Inc., Burlington, Vermont
 United Way of Central Virginia, Lynchburg, Virginia
 Seattle Children's Home, Seattle, Washington
 United Way of King County, Seattle, Washington
 United Way of Fox Cities, Inc., Menasha, Wisconsin
 Stateline United Way, Beloit, Wisconsin
 United Way of Portage County, Stevens Point, Wisconsin



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ROLE OF CHARITIES IN WELFARE REFORM

The United Way system funds tens of thousands of local agencies which provide critical services to children and families in need across our nation. United Ways are community problem solvers and fundraisers that support local charities like the Salvation Army, YMCA, YWCA, and Catholic Charities. United Ways and United Way agencies stretch every dollar to the limit and help as many families as possible. While charities may be able to fill some gaps, they do not have the capacity to sustain emergency and basic services for the current welfare population of 14 million Americans, two thirds of whom are children. This document addresses key questions regarding the capacity of charities to assume responsibility for emergency and basic human needs of children and families, and why it would be unrealistic to expect charities to do so.

WHO PROVIDED FOR THE POOR BEFORE FEDERAL WELFARE PROGRAMS WERE CREATED?

- Religious organizations were a primary source of assistance for the poor, but could not lift families out of poverty. AFDC and food stamp programs were created to attack hunger and malnutrition and provide support for families to avoid placing children in orphanages solely because their families were poor.
- In the early part of this century, widows's pensions were created in most states in response to the call, from President Theodore Roosevelt's White House Conference, to provide "such aid being given as may be necessary to maintain suitable homes for the rearing of children." Religious organizations, child welfare experts, and orphanage directors favored the creation of a safety net. Today, the successors to the widow's pensions are federal programs designed to reduce the unevenness of the state programs: AFDC and food stamps provide basic, essential assistance to children and families in need. While charities continue to support food banks, soup kitchens, and clothing drives to meet the emergency needs of poor families, these activities cannot replace AFDC and food stamps.

WHAT IMPACT DO CUTS IN FEDERAL FUNDING FOR HUMAN AND SOCIAL SERVICE PROGRAMS HAVE ON CHARITABLE GIVING?

- From 1982 to 1984, there were almost \$42 billion in cuts to federal programs in which nonprofits are affected. After adjusting for inflation, charitable giving increased during that time only enough to make up for 7% of the federal funding cuts.

- Giving to human service charities would have to increase by 114% by 1996 (and continue to double every year after that) to compensate for the proposed reductions in basic assistance spending. Further, charitable dollars currently dedicated to innovative programs and services would have to be redirected to recreate the safety net. Charitable spending priorities would change radically.
- At the same time that federal funding was decreasing, and charitable funding could not increase enough to make up the difference, there was steady growth in need. **Evidence of this growth can be found in changes in the fund distribution reports of local United Ways.** The emerging and fast-growth area of funding is "basic and emergency needs." Traditionally, United Ways have primarily funded prevention and education programs. Community needs have put pressure on local United Ways to support private agencies that provide basic and emergency services that the public sector no longer funds. For example, Catholic Charities provided emergency food and shelter for less than one million Americans in 1981. Last year, Catholic Charities helped *seven million children and families*.
- If more charitable resources are diverted to emergency needs, fewer dollars are available for education and family support services (i.e., child abuse prevention, parenting, child care). The loss of funds to meet increasing demand for prevention services increases yet again the demand for emergency assistance.
- Federal funding is a great leveler. Charitable giving and needs are uneven across states and localities. **Private sector charitable giving is decentralized and has no mechanism for redistribution across geographic boundaries.** Poor communities have much less charitable giving to respond to difficult problems of poverty and distress. Thus, poor communities would be even more unable to address community needs during economic hard times or a recession if federal funding is decreased.

WHAT HAPPENS TO CHARITABLE GIVING IN TIMES OF RECESSION?

- Demands for basic and emergency services inevitably grow during a recession. Yet, charitable giving does not keep pace with increased demands on local charities. The smallness of the private, charitable sector makes it apparent that it cannot be the provider of assistance for basic needs, but should preserve its role as an innovative and flexible service provider.
- United Ways' campaigns, when dollars are adjusted for inflation, have been stagnant since 1987. ***Unlike current federal entitlement spending, which automatically expands when need increases, charitable giving and capped block grants cannot expand when need increases during a recession.***
- Charitable giving is going down and a recent study found that a reason for the reduction is the recession. Independent Sector's recently completed research shows that household giving dropped by 25% from 1989 to 1993.

CAN LOCAL CHARITIES PROVIDE BASIC, ESSENTIAL ASSISTANCE TO THE POOR RATHER THAN THE FEDERAL GOVERNMENT?

- Charities are able to respond to some emergency needs, but cannot meet the everyday basic needs of poor families. It is appropriate for the private sector to provide some emergency and support services, like food banks, child care for working parents, or job preparation training. Food banks and soup kitchens provide meals to families when food runs out. While the private sector has the ability to fill emergency needs, *local charities do not have the capacity to provide meals to 20 million poor families every day of every week.* On the other hand, the food stamp program is a manageable mechanism to provide daily sustenance to children and poor elderly households that do not have sufficient income for food.
- The private sector can and does provide services efficiently, creatively and with more flexibility than the government. In fact, a great many public functions ARE being performed by private, charitable organizations as a subcontractor to government. For example, the United Way of America and the Federal Emergency Management Agency entered a partnership in which the United Way of America agreed to administer the Emergency Food and Shelter program through local United Ways. This program provides more than \$130 million for emergency needs with administrative costs of less than three percent of total program funding.
- Public/private partnerships can reduce overall costs for social welfare programs. However, private charities do not have the capacity to assume responsibility for all programs for the poor. In 1993, United Ways in Texas raised \$209 million. Federal and state AFDC spending in Texas totaled \$613 million in 1993. *There is no way that increased efficiency or increased charitable giving can make up this difference in funding.*
- Today, at least 1/3 of funds to charitable organizations is from the government, which is far greater than private donations to charities. In United Way agencies, 42% of funding is from government sources. This is the same funding that would be reduced under some policy proposals.
- Services provided by charitable organizations are already being cut back under existing funding levels. Many providers of emergency services have been forced to limit access to families: a food bank that used to serve a family once a month is now serving that family every other month. Food banks do not have the capacity to expand emergency service to once per week, let alone once each night.
- When it comes to providing basic needs, charities have much less capacity than government. *Nonprofits spend about 1/10 of what government spends for human and social services.* While charities' mission is to meet community needs, cuts in federal funding force charities to assume responsibility for those who lose public assistance. Federal funding cuts force charities to substitute its activities for government, and nonprofits lose the distinct role that they have played in responding to community needs.

WOULD CHARITABLE GIVING INCREASE TO MAKE UP FOR FUNDING CUTS IF

THE TAX CODE IS CHANGED?

- Private giving to charities which fund human and social services has remained at its lowest percentage ever for the past three years.
- While it is important for the tax code to continue to provide incentives for charitable giving, it is impossible to imagine changes in the code that would alter existing giving patterns enough to create increases in giving that could make up the loss of federal funding for the basic, everyday needs of families.
- United Way market research indicates that the tax benefit of giving provides some motivation to givers, but the specific cause and how the individual giver responds to the need is most important. Additionally, other charitable causes are draining giving to human and social service charities.
- Limiting a new tax benefit to contributions for human and social service organizations is not a practical solution. Unfortunately, the tax code does not differentiate between nonprofits that provide human services to the poor and those that provide vastly different kinds of programming. Many human service organizations provide services that have little or nothing to do with the basic and emergency needs of families.
- Permitting individual taxpayers to decide how to dedicate a portion of their income taxes to a human service charity might sound attractive but is administratively unworkable. Such a policy would diminish the ability and role of government to identify and address community needs. Further, dedicating income taxes reduces the spending ability of the federal government and may also negatively impact overall charitable giving.

Mr. ENGLISH. Thank you, Mr. Acres.
Dr. Ramirez.

**STATEMENT OF MIRIAM J. RAMIREZ DE FERRER, M.D.,
PRESIDENT, PUERTO RICANS IN CIVIC ACTION**

Dr. RAMIREZ DE FERRER. Mr. Chairman, thank you very much for inviting us to testify to this Committee.

I work as a physician with the Puerto Rico Health Department. I am also here representing my organization, which is Puerto Ricans in Civic Action, an organization that delivered 350,000 individually signed petitions to the U.S. Congress asking for equal rights.

My patients are poor people. Their incomes fall below the poverty line, and their means of support come mainly from welfare programs. However, you are right, the American welfare system is broken. These programs have created a welfare culture in major U.S. cities which have held hostage generations of families in a web of overtapping Federal handouts with dependency, illegitimacy, unemployment and antiethical values.

State and territorial governments are hammered by over 300 Federal assistance programs. What a waste. These should be consolidated into five or seven block grants, but with clear guidelines. Congress should learn from the block grant that replaced the Food Stamp Program in Puerto Rico. It was the outcome of the Reagan conservative agenda.

We urge Congress to expand the JOBS Programs and to limit cash benefits to a specific number of years. We support the creation of empowerment or enterprise zones, put in place a system that promotes work, education, self-sufficiency and family values in all the nations, but include the 3.6 million U.S. citizens in Puerto Rico, because we suffer doubly under the ill-focused Federal assistance programs that are underfinanced.

For example, in 1972, Congress established a Supplemental Security Income Program, but it did not expand it to Puerto Rico, because the program is funded from the general U.S. Treasury funds, and we do not pay Federal taxes. In addition, the U.S. citizens in Puerto Rico are treated unequally in the Medicaid, Medicare, Aid to Families With Dependent Children and Food Stamp Programs. For all these and many more reasons, we are ready to assume equal responsibilities. We already contribute \$2.2 billion in Social Security taxes.

We propose that Congress gradually extend the Federal tax system to Puerto Rico for a 5-year period, while during the same time phase in all Federal programs in order to shift some of the burden of operating our great Nation to the U.S. citizens in Puerto Rico. Phase out the cover of Federal customs duties, fees, excise taxes, possession tax credits over a 5-year period, establish economic incentives such as President Reagan's enterprise zones to reduce unemployment in all affected areas, empowerment zones.

Extending the Federal income tax system to Puerto Rico first will help you balance the budget. You need money. You are looking for money. According to the CBO, this will result in more than \$2 billion in annual Federal revenue. In addition, if you phase out the section 936 tax credit, the largest corporate welfare scam in the

United States, it will produce an additional \$2 billion, a total of approximately \$4 billion. My advisors are telling me that this could end up being \$5 or \$6 billion a year.

Working families in Puerto Rico would pay lower Federal income taxes. The extension of the Federal income tax system will allow our working families to enjoy the benefits of higher tax credits for children, personal exemptions and lower tax rates. It would also allow Congress to extend the Family Reinforcement Act provisions in the Contract With America to Puerto Rico. Thousands of high-income individuals who now escape taxes legally through tax loopholes in the local tax system would have to pay Federal income taxes.

We also emphasize that individual welfare is equally as bad as corporate welfare. Both are welfare, and a dollar wasted in individual welfare is equally badly wasted in corporate welfare. Accordingly, at the very minimum, the solutions proposed should apply equally to corporate welfare. U.S. taxpayers will be very pleased to know that all that benefit from the U.S. budget will also have to pay their share. If you play, you pay.

Puerto Rico's burden sharing will restore the dignity of the U.S. citizens in Puerto Rico. It would bring justice to the hardworking families who live on wages which are subject to withholding source and will carry the burden of paying for the Puerto Rico budget. Both the Governor of Puerto Rico, Dr. Pedro Russello, and the Resident Commissioner, Carlos Romero-Barceló, have publicly endorsed this concept.

Thank you.

[The prepared statement and attachment follow. The GAO Report, "U.S. Insular: Information on Fiscal Relations With Federal Government," GAO/T-GGP-95-71, can be obtained from the U.S. General Accounting Office, and the Tax Notes International article, "Puerto Rico and Section 936: A Costly Dependence," is being held in the Committee files.]



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Statement: Contract With America
Hearings on Welfare Reform
February 2, 1995

Mr. Chairman, Honorable members of this Committee, friends:

I want to thank you for giving me the opportunity to appear before you to express our views regarding the impact of the Contract with America on Puerto Rico.

As a physician, I have devoted my medical career to give medical services to the needy in Puerto Rico as an Ob-Gyn for the Health Department. The great majority of my patients are poor people, whose incomes fall below the poverty line, and whose means of support come from welfare programs. These 26 years have given me the opportunity to feel first hand the needs of the people who will be affected by the proposals in the Contract with America.

• **But, you are right !The American Welfare system is broken.**

Puerto Rico endures the same sad story as every other state. It is sad that \$14.6 billion dollars in federal funding and tax credits have not markedly changed the quality of life for those it intended to.

Federal programs have created a welfare culture in major United States cities. These have held hostage generations of families in a web of overlapping federal handouts which promote dependency, illegitimacy, unemployment and anti-ethical values.

The hopes of many are with this new Congress. We encourage you to practice radical surgery to stop the billion dollar hemorrhage of federal funds throughout the Nation. State and territorial governments are hammered by the myriad of bureaucratic rules for over 300 federal assistance programs. What a waste ! It would be vastly more efficient to consolidate these into five or seven block-grants with clear guidelines.

Remember the conservative revolution of the Reagan years, with the President's "state's rights agenda" ? This Congress should learn from the block grant that replaced the Food Stamp Program. It was the outcome of the Reagan conservative agenda.

The block-grant did not work because it was the only assistance program. Partial welfare reform, without the extension of all other programs, failed to give Puerto Rico the edge to produce the shining results of President Reagan's vision of empowering local government. We endorse block grants, but with clear federal guidelines

In order to eradicate the conditions which trap welfare recipients in a state of cultural and economic poverty, we urge Congress to establish clear guidelines to expand the JOBS programs, and to limit cash benefits to a specific number of years. We support the creation of empowerment or enterprise zones to help our major cities generate more jobs.

We support a complete restructuring of the American Welfare system. Put in place a system that promotes work, education, self sufficiency and family values in all the Nation, including Puerto Rico. Include the 3.6 million United States citizens in Puerto Rico, because we suffer doubly under the ill-focused federal assistance programs that are underfinanced.

- **The Federal "Safety Net "for United States citizens in Puerto Rico is incomplete.**

Unequal federal funding limits the benefits of former President Reagan's "Safety Net" for United States citizens, as more than 200,000 senior Americans in Puerto Rico live in substandard conditions. Congress established the Supplemental Security Income program (SSI) in 1972 to guarantee a minimum level of income to needy aged, blind, and disabled persons, which should include all U.S. citizens, and exclude aliens without established legal residence.

However Congress did not expand SSI to Puerto Rico, since the program is funded from the general US Treasury Fund and we do not pay full Federal Taxes. In contrast, we qualify for all other Social Security entitlements, as we have been paying Social Security contributions.

We urge Congress to rectify this unequal treatment, and to finance the extension of the Supplemental Security Income by extending the Federal Income Tax to Puerto Rico, and phasing out the archaic practice of "cover overs" of Federal custom duties and excise taxes to the Puerto Rico Treasury.

- **We are ready to assume equal responsibilities.**

The United States citizens in Puerto Rico are ready to assume increased responsibilities. We already contribute **\$2.2 billion** in Social Security taxes. We should not be treated different than the residents in any other states. In addition to unequal treatment under the Supplemental Security Income, the United States citizens in Puerto Rico are treated unequally in the Medicaid, Medicare, Aid to Families with Dependent Children and Food Stamp programs.

We want equal treatment through the Contract Proposal Welfare Reform, re-focusing our goals on self - sufficiency, work fare and family values.

WE PROPOSE THAT CONGRESS:

1. **Gradually extend the federal tax system to Puerto Rico over a 5 year period, while during the same time, phase in all federal programs, in order to shift some of the burden of operating our great Nation to the United States citizens in Puerto Rico.**
2. **Phase out the cover- overs of Federal custom duties, fees, and excise taxes and the Possessions Tax Credit over a five (5) year period.**
3. **Establish economic incentives such as President Reagan's Enterprise zones to help reduce unemployment in all affected areas. (Empowerment zones.)**

**THE UNITED STATES WILL BENEFIT FROM THE POSITIVE EFFECTS OF
EXTENDING THE FEDERAL INCOME TAX SYSTEM TO PUERTO RICO.**

1. It will help to balance the budget:

With the proposal for a Balanced Budget Amendment, the U.S. taxpayer will find some relief when we share the fiscal burdens through our contributions. As it stands presently, there is no relief in sight for the US taxpayer, but with the Contract with America, all U.S. citizens can help carry the load and realize the benefits of a sound fiscal future.

According to the Congressional Budget Office, extending the federal tax code to Puerto Rico would result in more than **\$2 billion** in annual federal revenues. Additionally, the complete phase out of Section 936 tax credit would produce an additional **\$2 billion**, according to the latest tax expenditure estimates of the Joint Committee on Taxation. This would result in a total of approximately **\$4 billion** annually.

The next table shows the amount of federal revenues that will be collected in Puerto Rico in the years 1999 and 2000, after the extension of the federal tax system:

	1999	2000
Total change in Federal revenues from Puerto Rico sources (millions)	\$2,251	\$2,244
New excise taxes	\$395	\$414
Custom duties	103	171
Rum excise tax	265	268
Individual income tax	809	846
Tax on Puerto Rico Corporations	519	545

(Source: Congressional Budget Office, April 1990)

2. Working families in Puerto Rico, who earn mostly wages would pay lower federal income taxes than their current local tax burden.

The Puerto Rico taxpayer pays more state income tax than their fellow citizens in most of the other States of the Union. We are not equally treated in the U.S. Budget, so the government of Puerto Rico must levy high local income taxes in order to give services to the people.

Since federal income tax has not been extended to Puerto Rico, the middle class will not benefit from those changes to the tax return proposed by the Contract with America. The extension of the federal income tax system will allow our working families to enjoy the benefits of higher tax credits for children, personal exemptions, and lower tax rates. The Contract's capital gains tax cut would also help spur investments and the economy in the island.

It would also allow Congress to extend the Family Reinforcement Act provisions in the Contract with America to Puerto Rico.

3. Thousands of high income individuals who now escape taxes legally through tax loopholes in the local tax system would have to pay federal income taxes.

For example, interest on mortgage backed securities, known as Ginnie Maes, and interest on U.S. Treasury bonds are exempted from local income tax, but not federal income tax. Investors in Puerto Rico earned about \$100 million in interest income on these instruments, and nearly \$1 billion in manufacturing and tourist enterprises which receive partial tax exemption under local income tax laws.

4. United States taxpayers will be pleased to know that all who benefit from the United States budget, will have to pay their share. " If you play, you pay."

5. Puerto Rico's "burden sharing" will restore the dignity of the United States citizens in Puerto Rico.

6. It would bring justice to the hard working families who live on wages which are subject to withholding source and who carry the burden of paying for the Puerto Rico budget.

The burden will be shared by all, as the Internal Revenue Service extends its enforcement power and uncovers the extensive underground economy in Puerto Rico. As loyal American citizens, people will recognize the importance of filing returns. (Read: Federal liability)

7. Both the Governor of Puerto Rico, Dr.Pedro Rossello and the Resident Commissioner, Carlos Romero Barcelo Esq., have publicly endorsed this concept. (See newspaper clipping)

President Reagan's state's rights conservative agenda got its start in a model block-grant program to Puerto Rico; let's complete the Reagan revolution with full application of the provisions of the Contract with America in Puerto Rico.

We ask that you include for the record the following studies which are relevant to this testimony.

1. General Accounting Office: "Information on Fiscal Relations With the Federal Government. GAO/T-GGD-95-71. Testimony released on Tuesday, January 31, 1995.
2. Tax Notes International: "Puerto Rico and Section 936: A Costly Dependence", by Tomas Hexnar and Glenn P.Jenkins.

NATION & WORLD

Rosselló: 936 isn't a sacred concept

Governor backs 2-year term for island's delegate

By ROBERT FRIEDMAN
Star Washington Bureau

WASHINGTON — Gov. Rosselló said Saturday he would not oppose the elimination of Section 936 if the federal gov-

ernment comes up with another program "to provide economic and social justice" for the island.

"If it is demonstrated that another mechanism could improve life for the people, then I would be totally in favor of it," the governor said.

He said that his past support of the island's tax-sparing program was never based on the well-being of the 936 corporations, but on the economic and social benefits that island residents derived from it.

"I'm not defending 936, but the people. Section 936 is not a sacred concept," Rosselló said.

The governor made his remarks during a news conference at a hotel here on the opening day of the four-day National Governors Association meeting.

He said extending empowerment zones to Puerto Rico could be one way to replace Section 936. Under that concept, special tax breaks are given to businesses operating in targeted areas. However,

only states are currently eligible for that program.

"The main thing is that the incentives be there to improve the lot of the people," said the governor.

Those incentives, he said, should not be based on whether Puerto Rico is a state or a territory, but on "economic and social needs."

The governor also said he backed a proposal to change the term of the is-

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different party than the sitting governor.

"So what?" he said. "That's what happened nationally. That's democracy."

Rosselló said he would not testify Tuesday at a House hearing on the proposal, but would submit his position in writing.

Although he has been listed as a witness, he insisted he was not officially invited to testify before the Native American and Insular Affairs Subcommittee chaired by Gallegly.

The hearing is supposed to take up Gallegly's Omnibus Territorial Act, which contains the resident commissioner changes, and the effects of the Republican Party's Contract With America on the territories.

Rosselló said he had "no problem with the concept" of a balanced

budget, a principle part of the contract. But the governor raised concerns that the budget would be balanced mostly by cutting programs "that will affect the well-being of people."

The House already has passed a bill calling for a balanced budget amendment and the Senate is expected to act on it soon.

Three-quarters of the states would have to approve the amendment before it becomes part of the Constitution.

In a recent study, the U.S. Treasury Department estimated that a balanced budget amendment would mean Puerto Rico would lose more than \$4 billion annually in federal funds, starting in the year 2002, when the amendment would go into effect.

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land's resident commissioner from four years to two.

He said the proposal, made in a bill filed by Rep. Elton Gallegly, R-Calif., was "consistent with our position that as American citizens we be treated equally."

It is "reasonable," he said, for Puerto Rico's representative in Congress to serve just two years, "as any other representative."

Rosselló said he also supported changing the resident commissioner title to delegate.

He agreed that a two-year term could open the possibility of voters electing a resident commissioner of a

Mr. ENGLISH. Thank you, Dr. Ramirez.

Ms. Smith, if you would testify.

**STATEMENT OF LEOLA SMITH, EXECUTIVE DIRECTOR,
EMPLOYMENT PROJECT, POOR PEOPLE'S COALITION; AND
PRESIDENT, NATIONAL UNION OF THE HOMELESS**

Ms. SMITH. Good afternoon, Mr. Chairman and Members of the Subcommittee.

I wear two hats this afternoon. I am president of the National Union of the Homeless that has chapters in 19 cities throughout the country, and truly welfare recipients and homelessness go hand in hand. We already are facing a crisis in our Nation of homelessness. If the Personal Responsibility Act takes effect, it will certainly add to the already existing crisis of homelessness throughout our entire Nation, and truly I think taking welfare recipients off of the welfare rolls is certainly not the answer and will only cause a great deal of poverty and harm that will not only cause homelessness, but will be the suffering of our children.

The other hat that I wear, I am executive director of the Employment Project. I am a city funded agency and I also am funded by the State to provide vocational training for welfare recipients who have been cut off of the welfare rolls and homeless people who are currently residing in the shelter system under a city of Philadelphia contract—and I am formerly homeless. The difference between many other cities and the city of Philadelphia, where I am from—our Mayor Ed Rendell and our former Mayor Wilson Goode did form a partnership, and this time listening to the victims to come up with a comprehensive plan in order of solutions to the problem.

We are also an organization that was very instrumental in providing a comprehensive plan to address the issues. I think this is certainly the way to go in order to solve the problem, and not punish people who are on welfare and who are jobless. On average, I service about 1,500 different individuals, and I know that, providing training with their goals, their hope and their dream is to find employment so they can be off the welfare rolls.

I clearly state to you that the job market is not as potent as you may think. I know, because we have students that come to our training classes in hopes of finding a job, even if it means flipping hamburgers. Welfare was never designed to be a means of life, and I think we all can agree to that. I do not know any client that we have served in any fiscal year, that their food stamps or their medical cash benefits lasted at any given month from month to month. They always ran out by the third week of the month and they were seeking additional food or they have ran out of money in paying their bills.

So if you ask me if welfare is the answer, I can clearly sit here and tell you no, it is not. It never has been, and I do not think it ever will be. If we are going to talk about taking people off welfare, then we ought to talk about formulating job creation. There is no question about that, because the jobs do not exist. If we are going to talk about taking people off welfare, welfare reform to me means that you have something in place of it, and that is not the case by implementing the Personal Responsibility Act.

I think that people are being punished for being poor. I think that we are not being given a fair chance in order to bring ourselves up by the bootstraps, and that there is no comprehensive plan that is put in place to take the place of people coming off welfare. We are addressing a subcommittee today, and I think a committee needs to be formed with welfare recipients throughout this entire country. Who can best tell you what we need than the very people that are involved, and then together we can come up with a comprehensive plan in order to address the issues, rather than just saying that people are going to be cut off.

The State of Pennsylvania, through Act 75 that was implemented in 1982, over 60,000 single so-called able-bodied people were displaced from the welfare rolls. At that point in time, homelessness doubled and tripled, because the job market was not there and, as a result, people ended up losing their homes and were in the shelter system with no place to stay.

So I plead with you to reconsider the Personal Responsibility Act to form a committee where we could meet and sit down, and you can check with our mayor. We have great ideas on addressing the problem, and I think this is the way to go, rather than out and out cutting people off. People are going to die, our children are going to go hungry, and crime is going to escalate. And from what you are paying and trying to take away from a person on welfare, you are going to double and triple the amount of money that you will be paying for a person to be incarcerated.

So I ask you to reconsider the Personal Responsibility Act.

Mr. ENGLISH. Thank you, Ms. Smith.

I would like to thank all of the panelists for the time they have taken to make their presentations. It has been most useful.

I would now like to yield to a couple of the Members on the Subcommittee for any questions they may wish to pose.

Mr. McCrery will inquire.

Mr. MCCREY. I have no questions.

Mr. ENGLISH. Mr. Ford will inquire.

Mr. FORD. Ms. Smith, you do believe that welfare recipients who enter the welfare rolls at some point in time should go into the work force and welfare should not be a way of life?

Ms. SMITH. Yes, I do, because welfare never gave a family or single individual enough money to live on in the first place. When you look at a single individual only receiving \$205 a month, it has never been enough to pay for the necessities of bringing ourselves up by our bootstraps, which means an apartment, food, clothing and being able to see the children—

Mr. FORD. Do you find welfare recipients who are able to work who do not want to go to work? Do you find people on welfare who just want that as a way of life and not to work at all, to be trained and educated to go into the work force?

Ms. SMITH. I think for some. It would be unfair for me to sit here and say all. But I think everybody should not be punished or penalized because of some people that the system say are lazy and do not want to work. However, I think that is where the social service plan caseworkers should implement a plan that every person must follow through and not cut people off.

Mr. FORD. Right now, though, when you walk into a Health and Human Service office to apply for welfare, that case manager or the caseworker that you speak of, there is no type of contract or no type of conversation that the potential recipient enters into with Health and Human Services about job opportunity, about a career or moving that person back into the work force.

Ms. SMITH. I do vocational training, but that does not put food on the table while that person is going through job training. I think that we are punished if we get employment at \$4.25 an hour. Your food stamps are cut, your medical benefits are cut, your cash grant is cut, because you are making \$4.25 an hour.

I would like to propose this plan, because to me this makes sense. I think people should maintain their welfare check, they should perhaps at least for 1 year be eligible for their same entire benefits. They are making \$4.25 an hour, to at least allow that person to maintain both so that they can sustain themselves and be able to get an apartment and to have some timeframe for them to get off the street and up on their feet, and I think that is the way to go. But to cut a person off with absolutely nothing is going to be devastating.

Mr. FORD. Let me go to Mr. Field.

Ms. SMITH. Let us not penalize people. You get penalized if you work, and by the time you average it out, in essence, it does not pay for you to work, when you look at the overall picture.

Mr. FORD. Thank you.

Mr. Field, you spoke of a contract between the recipient and the government as an alternative to the harsh approach of eliminating the aid to children of teen parents. What approach would you endorse, if there is a breach of this agreement that you are talking about? I am trying to see whether or not—

Mr. FIELD. A breach of the agreement on the part of the government or on the part of the individual?

Mr. FORD. On the part of the individual.

Mr. FIELD. Clearly, if anybody breaks the contract, at that point you have to assess first of all whether or not that individual has other needs that are not being addressed and whether or not, especially if they are a parent, if indeed they are capable of carrying out their parental duties and responsibilities. You know, some sanction may have to be imposed.

Mr. FORD. Like what?

Mr. FIELD. I am not so sure, to be honest with you. We do not summarily support taking children away from people. But if a person proves that they are not adequately being able to care for their children or themselves, other approaches may have to be taken.

Mr. FORD. What do you think about the teen parents and the child at home with the mother in some type of supervised home setting? What would you think in terms of group homes?

Mr. FIELD. We are very much for them. Many of our agencies do this kind of work. I know that our agency in Atlanta, for instance, serves about 500 a year.

Mr. FORD. Are they very expensive?

Mr. FIELD. They are not inexpensive, I will put it that way. They are expensive, but they are probably more cost efficient in the long run than trying to let a teenage parent fend for themselves and

struggle and perhaps even do themselves more damage and their children.

Mr. FORD. Thank you, Mr. Field.

Mr. ENGLISH. The gentleman's time is expired.

Mr. Rangel will inquire.

Mr. RANGEL. Thank you, Mr. Chairman.

Let me thank everyone for their testimony, and especially you, Ms. Smith. I hope you put that in writing so that I can get it in the record.

The Contract With America is moving so fast and they have a dateline. Please do not expect that they will be able to include you as a part of that America. They will sit down with each other to see how they can work this out. Basically the theme behind the Contract as relates to welfare is that the Federal Government did not do a good job. Therefore, they did not let anybody else do it. Do not be concerned whether it fails or not, we will monitor them, but we are out of it. It is sad and it is unfortunate. It will not work, but only the poor will suffer while we go through this process.

Let me ask the lady next to you a question. Most of us believe that it is hypocritical to demand work, when there are no jobs or no training for the jobs. I know you agree with that. But some say that if there is no private sector jobs, that the government should make certain that there is a public job available. I gather from your testimony that all of the cutbacks that we are having are in the cities. How do you approach the question of a public job? You and I know that the welfare recipient will be substituting for low-skilled civil jobs or jobs with the city where these people have been laid off because of budget restraints? How do you handle that?

Ms. MEIKLEJOHN. I think the answer is a very complicated one. I think it is very difficult to create any kind of work program, when there are massive cutbacks in the regular work force taking place. If the Contract With America and the balanced budget amendment are passed, there will be additional cutbacks continuing down the line, so that the number of real jobs available that are not part of a welfare system will continue to shrink.

Mr. RANGEL. They say that within 2 years if you do not have a job, that your child does not get any benefits. They do not even accept the fact that the government has to provide the job. But assuming that we take that position, will we get opposition from the union?

Ms. MEIKLEJOHN. The unions believe that if somebody is doing a job for the city of New York in the same way that another worker who is employed by the city, that that person should be treated the same way. In other words, they should have all of the rights and benefits of an employee.

We also think that the city is deriving a benefit from the work the welfare recipient does. And if they invest in that individual by paying them a real wage, the individual will benefit and the city will get much more out of that individual.

We are not opposed to short-term work experience and training programs using city jobs. We are in the process right now in New York City working with the local board of education to try to design a 3-month work experience, workfare-type program to bring people on home relief into school cafeterias. We want to try to create a

labor-management committee which will screen recipients, put them on a job, give them training and, after 3 months, given the vacancy and turnover rate in the schools, they will move into a real job.

So we think that if you are going to use the public sector or any other employer, you need a carefully designed employment strategy, but not a meat ax approach.

Mr. RANGEL. Thank you.

Thank you, Mr. Chairman.

Mr. ENGLISH. Thank you very much. The gentleman's time has expired.

The panel is dismissed. Let me say that the Chair appreciates the time that each of the panelists have taken to share with us. We will have an opportunity for you to submit some additional testimony for the record. We appreciate the time you have taken today to bring your diverse views to this debate, and they have much informed our deliberations.

The Chair will dismiss this panel and bring in a new panel.

Mr. MCCRERY [presiding]. On our next panel, we have Dr. Shonkoff from the American Academy of Pediatrics; Joseph Manes, director of Federal relations for the Bazelon Center for Mental Health Law; Rhoda Schulzinger, cochair of the Social Security task force, Consortium for Citizens with Disabilities; Jennifer Vasiloff, executive director, Coalition of Human Needs; and David Beckmann, president of Bread for the World.

We welcome the panelists. We appreciate your joining us today. We will begin with testimony from Dr. Shonkoff.

STATEMENT OF JACK P. SHONKOFF, M.D., ON BEHALF OF THE AMERICAN ACADEMY OF PEDIATRICS

Dr. SHONKOFF. Thank you, Mr. Chairman and Members of the Subcommittee.

My name is Jack Shonkoff. I am a pediatrician, and professor of human development and dean of the Florence Heller Graduate School for Advanced Studies in Social Welfare at Brandeis University.

On behalf of the 49,000 pediatricians who are members of the American Academy of Pediatrics, I am pleased to have this opportunity to discuss both welfare reform and SSI eligibility for children.

In the attempt to reform the welfare system, we are reminded of the oath we took as physicians to "first do no harm." Our foremost concern is with the children who will be affected by this proposal. As you know, two-thirds of the Nation's AFDC recipients are children. Even with the current welfare safety net, however, 25 percent of all children under age 6 now live in poverty. Low-income children have poorer health than other children.

For example, they have a higher incidence of low birth weight, asthma, infectious diseases, suicide, homicide and drug abuse. They have lower immunization rates and poorer nutrition. We cannot abandon these children. For their sake and for the sake of our Nation's future, we must break the cycle of poverty.

We encourage efforts to reduce teen pregnancy and promote economic self-sufficiency and parental responsibility for fathers, as

well as for mothers. We agree that it may be appropriate to require young parents to finish school and in some cases to live at home with their parents or in supervised group home settings. But we do not believe that denying welfare payments to children of unmarried teens will reduce teen pregnancy. It would simply deepen the level of poverty for affected families.

Almost all economists and sociologists have found that the amount of welfare payments has an insignificant or no effect on the rate of out-of-wedlock births. And as pediatricians, we know that early parenthood is a complex phenomenon. While no one has a simple answer to preventing teen pregnancy, the evidence indicates that the best approach is to give young people the sense that they have a future. A protected and nurtured early childhood followed by a good education, job training and placement will help.

A strict work requirement alone will not solve the problem. Moreover, without subsidized child care, many children may be forced into substandard, even dangerous child care settings which will further jeopardize their health and development.

We are also concerned about proposals to replace the WIC Program with a block grant to States. WIC participants now receive nutrition and breast feeding education, as well as referral to health care providers. If Federal standards are removed, States could discontinue these health promoting and cost-effective features of the program. In short, we fear that unraveling the Federal safety net by eliminating critical entitlements will jeopardize the well-being of our Nation's poorest and most vulnerable children.

With respect to SSI eligibility for children, we submitted a detailed statement for the hearing last week, but there are several points I would like to underscore. We agree that improvements must be made in this program, but Congress is dangerously close to reversing policies and abandoning programs that enable children with disabilities to achieve levels of independence they would otherwise be denied.

More than 80 percent of children receiving SSI benefits have severe physical and/or mental disabilities, including conditions such as leukemia, spina bifida, cystic fibrosis, significant mental retardation, schizophrenia and autism. SSI payments are critical to eligible families who have low incomes and increased out-of-pocket expenses.

The Academy urges extreme caution in adopting quick fix simple solutions to complex SSI problems. Simply terminating entitlements, ending cash payments and eliminating assessment tools is not the solution.

The newly enacted Commission on Childhood Disabilities, which will meet tomorrow, has been charged with critically reviewing SSI and providing recommendations by November 1995. This bipartisan commission provides the avenue for addressing the specific concerns of Congress.

The academy also urges consideration of the following: First, developing mechanisms for disability review for children and adolescents that will encourage many to come off the SSI rolls; second, exploring whether it is possible to define broad categories of condition and provide different benefit levels for these different categories; and third, developing incentives to enable, rather than dis-

able, by phasing in benefit decreases over time as a child's condition improves, continuing health benefits after discontinuing cash payments, and assuring maintenance of benefits during key developmental periods, such as adolescence and the transition to adulthood.

The welfare of America's children and families is of critical importance to the Academy. We do not pretend to have all the answers. We do know, however, what children need to develop into healthy and productive members of society, and are extremely concerned that these basics will be taken away from millions of children if some of the current proposals are enacted.

The Academy offers our assistance in helping to craft the most equitable and responsible approach to address the needs of children and families. I would be happy to answer any questions you might have on any of the topics I have discussed.

Thank you very much.

[The prepared statement follows:]

**TESTIMONY OF JACK P. SHONKOFF, MD, FAAP
AMERICAN ACADEMY OF PEDIATRICS**

Mr. Chairman, Members of the Subcommittee, my name is Jack Shonkoff, MD. I am a pediatrician and the Dean of the Florence Heller Graduate School for Advanced Studies in Social Welfare at Brandeis University in Waltham, Massachusetts. I was also the Chair of a National Advisory Committee to the Center on Hunger, Poverty and Nutrition Policy at Tufts University that studied the empirical evidence related to welfare reform issues. The results of that study were issued on January 25.

Thank you for the opportunity to present this testimony today on behalf of the 49,000 pediatricians who are members of the American Academy of Pediatrics. I will discuss both welfare reform and eligibility for the Supplemental Security Income (SSI) program.

Welfare Reform

The American Academy of Pediatrics fully shares the goals of welfare reform -- promoting the economic self-sufficiency of families, personal responsibility in child bearing and child rearing, and the wise expenditure of scarce public funds.

We especially support the need to address long overdue reforms associated with our welfare system that affects the lives of our youngest citizens and our vulnerable adolescents. Our children are a declining segment of our society. If we are to have a competitive workforce, we simply cannot afford to lose any of them. That is why the pediatric community views this public forum both as an opportunity and a responsibility to help shape pragmatic policies to help families be families.

In the attempt to reform a system as complex as this one, we are reminded of the oath we took as physicians to "first, do no harm." As pediatricians, our first and foremost concern is with the child who will be affected by this proposal. There are no easy answers, but there are answers, if all interested parties work together to fashion practical solutions. In the spirit of cooperation, I would like to point out some of the areas in which we have concerns.

To understand the problems, let's look at the faces and the environment of the children in need of the welfare system. Since the early 1970s, the poverty rate among children has steadily increased. Between 1987 and 1992, a staggering one million more young children became poor. As you know, two-thirds of the nation's AFDC recipients are children. Even with the current welfare safety net, however, 25 percent of all children under age six, or six million children, now live in poverty. Most are the children of working parents.

Low-income children are more likely to live in dangerous neighborhoods and have a higher incidence of low-birth weight, asthma, infectious diseases, out-of-wedlock births, and exposure to lead than other children. They have lower immunization rates, poorer nutrition, and are more likely to attend below-average schools than non-poor children. As teens, low-income children have higher rates of suicide, drug abuse, and violent injuries and deaths, including homicide, than their more well-off counterparts.

We cannot abandon these children. For their sake, and the sake of our nation's future, we all want to break this cycle of poverty and dependence on welfare. How can this be done?

Unfortunately, we cannot supply you with an easy answer. We know that children generally do best in a two-parent family, with adequate health care, nutrition, and financial security. Therefore, we encourage efforts to reduce teen pregnancy and promote economic self-sufficiency and parental responsibility -- for fathers and well as mothers. We agree that it may be appropriate to require young parents to finish school, and in some cases, to live at home with their parents or, if that is not possible, in supervised group home settings.

With respect to the incidence of out-of-wedlock pregnancy, almost all economists and sociologists have found that the amount of welfare payments has an insignificant or no effect. And as practitioners serving teens, we know that part of adolescence is to engage in risk-taking behavior, and that early unprotected sex and early parenthood result from numerous

and complex factors. Thus, we are concerned that withholding AFDC payments to children born to unmarried teenage mothers will not have a significant impact on the rate of teen pregnancy, but would simply deepen the level of poverty for affected families.

While no one has a simple answer to preventing teen pregnancy, the evidence indicates that the best approach is to give young people a sense that they have a future. A protected and nurtured early childhood, followed by a good education, job training and job placement will help. A strict work requirement alone, like that in the Personal Responsibility Act, will not solve the problem.

In practical terms, what will it mean to a young mother and her child if the mother is forced to work? We cannot assume that she will have a mother or grandmother who can care for her child. On the wages that most teen parents can expect, it will be very difficult to find high-quality, affordable child care. Consequently, the children of parents required to work may be forced into substandard -- even dangerous -- child care settings where they will not receive the attention and stimulation necessary for healthy emotional and intellectual development.

Among other aspects of the Personal Responsibility Act and other welfare reform proposals, we are also concerned about proposals to replace the WIC program with a block grant to states. Currently, approximately 6.5 million pregnant women, infants, and young children receive WIC benefits because they are at risk for poor nutrition. Pursuant to federal standards, WIC participants receive nutrition and breastfeeding education and referrals to health care providers. As a result, WIC has succeeded in reducing low-birth weights, thus saving money in the Medicaid program; increasing immunization rates; and promoting breastfeeding, which is not only cost-effective but prevents or moderates health problems for infants and young children. If WIC is replaced with a block grant program, and federal standards are removed, some states may simply give needy families a little extra cash and a brochure on good eating habits. It seems counterproductive to dismantle a program that has been shown to save money as well improve lives.

In short, we fear that unraveling the federal safety net by eliminating entitlements to cash assistance, nutrition programs, child care for at-risk families, and other programs, will jeopardize the well-being of our nation's poorest and most vulnerable children -- one-fourth of our future workforce.

We do not pretend to have all the answers. We do know, however, what children need to develop into healthy and productive members of society and are extremely concerned that these basics will be taken away from millions of children if some of the current welfare proposals are enacted.

Supplemental Security Income (SSI) Program Eligibility

Over the last year or so, much attention has been given to the extraordinary growth in the number of children receiving SSI benefits, allegations that children are being encouraged to feign behaviors in order to qualify for assistance, and the concern that some parents are not using the cash benefit to help their children.

The SSI program is not without flaws. Improvements can and must be made in this program. But Congress is walking dangerously close to reversing policies and abandoning programs that provide opportunities for children with disabilities that enable many of them to achieve levels of independence they would otherwise be denied.

The dramatic increase in the number of children on SSI is mainly related to the 1990 Zebley Supreme Court decision and the expansion of the mental health listings by the Social Security Administration (SSA), also in 1990. As a result, the rolls of children on SSI increased from 275,000 in 1989, to almost 856,000 by mid 1994. Nevertheless, this is fewer than the number of children that the American Academy of Pediatrics had predicted would be eligible as a result of these changes.

Most children receiving SSI benefits have severe disabilities. About 40 percent have severe physical disabilities, conditions like leukemia, spina bifida, cystic fibrosis, and major heart abnormalities. Another 40 percent have significant developmental retardation, based on a very stringent threshold. The other 20 percent have other mental impairments, including childhood autism or schizophrenia, as well as Attention-Deficit Hyperactivity Disorder (ADHD) and related conditions.

SSI payments are critical to families who have a child with a significant physical or developmental disability because such families have increased costs and decreased income. Though public or private health insurance covers many medical care costs, many additional costs must be paid out-of-pocket. Furthermore, SSI benefits help to diminish dependence on other institutions and reduce the likelihood that children with severe disabilities will be placed in long-term care institutions at much higher costs.

The Academy urges extreme caution in adopting quick-fix, simple solutions to complex SSI problems. Unquestionably, a thoughtful and comprehensive review of the current SSI program is the most effective and responsible approach to addressing fiscal and policy issues. Simply terminating entitlements, ending cash payments, and eliminating assessment tools is not the solution.

The newly enacted Commission on Childhood Disabilities, which will meet on February 3, has been charged with critically reviewing SSI and providing recommendations by November 1995. This bipartisan commission provides the avenue for addressing the specific concerns of Congress.

In addition to the Congressional charge for the Commission, the Academy urges consideration of the following:

- 1) Developing substantial ongoing efforts of disability review for children and adolescents that will encourage many children to come off the SSI rolls;
- 2) Exploring whether benefits should reflect need. Although case-by-case determination of benefits may be administratively impossible, it is possible to define broad categories of condition and provide different benefit levels for these different categories; and
- 3) Developing incentives to enable rather than disable. Opportunities to improve the system include efforts to phase benefit decreases over time as a child's condition improves, to continue health benefits after discontinuing cash payments and to assure maintenance of benefits during key developmental periods, such as adolescence and the transition to adulthood.

The welfare of America's children and families is of critical importance to the Academy. As Congress continues to debate social reforms and begins drafting legislation, the Academy offers our assistance in helping craft the most equitable and responsible approach to address the needs of children and families.

I would be happy to answer any questions you might have on either of the topics I've discussed. Thank you.

Mr. McCRERY. Thank you, Dr. Shonkoff. I appreciate your staying within the 5-minute time that we have allotted.
Next is Joseph Manes.

STATEMENT OF JOSEPH MANES, DIRECTOR, GOVERNMENT RELATIONS, BAZELON CENTER FOR MENTAL HEALTH LAW

Mr. MANES. Thank you, Mr. Chairman.

I am Joseph Manes, director of government relations at the Bazelon Center for Mental Health Law. Since its founding in 1972, the Bazelon Center has been a nonprofit legal center advocating for the rights and dignity of children and adults with mental impairments.

We seek as part of our objectives effective community-based alternatives to institutional care for low-income adults and children with mental impairments. The SSI Program plays a vital role in keeping people out of institutions. The monthly check enables people who are elderly and particularly adults with severe disabilities to pay for stable living arrangements from which they can participate in community-based treatment and training programs.

The 6.2 million people who receive SSI live at the margin. SSI is their program of last resort. It fills in only to the extent that all other sources of income and support have failed. It truly meets the definition of a safety net. The 2 million aged beneficiaries on SSI are people who have never worked in jobs covered by Social Security, for example, domestics and farmers, or only recently covered by that program, or low-income wage earners who get a meager Social Security benefit which SSI supplements. For two-thirds of the elderly SSI benefits supplement their Social Security benefits.

Adult applicants who claim disability or visual impairment in addition to meeting stringent income and resource limits must demonstrate that they are unable to work at any job in the national economy because of physical or mental impairments that are expected to last at least 12 months or result in death. The SSI test of disability for adults is more stringent than the test for most other disability programs, public or private, which use inability to perform current work as the individual standard of disability. There are 3.3 million adults today that receive SSI.

For children to be eligible, they must also have severe physical and mental impairments that substantially limit their ability to develop or perform life's activities, talk, walk, play and learn, for example. Despite its growth in recent years, only one in nine of all school-age children in special education qualify for SSI.

Mr. Chairman, we do not expect people who are poor or elderly or disabled or blind to be totally exempted from efforts to balance the budget. We do, however, want to emphasize the consequences of the type of reductions proposed in the Personal Responsibility Act on this population.

The provisions of the PRA that deal with SSI have been inadequately examined. The PRA would cap total SSI spending beginning in 1995. The rules for establishing the cap guarantees that there would not be enough money to cover everyone now on benefits and new applicants. The cap would cut spending by an estimated \$2 million initially, and then the cut would grow rapidly each year thereafter. To achieve such substantial reductions, Con-

gress would have to drastically change both the program's eligibility rules and benefit levels.

If people cannot qualify for the program or are dropped from the rolls, we can expect increases in the use of institutional care for people who lose their housing and are forced onto the streets or into unneeded and expensive institutions, and increase State taxpayer costs, as States try to make up for the cuts in Federal SSI. Even if they do nothing, State costs of care in institutions and emergency assistance will increase.

Almost everyone dropped from SSI or not granted benefits would also be denied Medicaid coverage. Without Federal Medicaid matching funds, State and county health facilities would bear the full costs of treatment.

We urge the Committee not to endanger the lives and fragile existence of millions of people for whom SSI is a lifeline by across-the-board spending cuts. Program reductions should be addressed surgically by tightening the program's administration to insure that only people who qualify get benefits and to regularly evaluate those who do to determine if they are still disabled.

Congress should improve the work incentives rules to allow people to keep a greater part of their SSI benefits and their Medicaid coverage while, despite their disability, they try to work.

Mr. MCCRERY. I am sorry, we are going to have to move on. We certainly will take your full testimony for the record.

Mr. MANES. Thank you.

[The prepared statement follows:]

**Subcommittee on Human Resources of the
House Ways & Means Committee**

**Hearing on Personal Responsibility Act
February 2, 1995**

**Testimony of Joseph Manes,
Bazelon Center for Mental Health Law**

Thank you, Mr. Chairman. I am Joseph Manes, Co-director for Government Relations at the Judge David L. Bazelon Center for Mental Health Law. The Bazelon Center has been, since its founding in 1972, a nonprofit legal center advocating for the rights and dignity of children and adults with mental disabilities. We are funded principally by private foundations and donors.

We seek, as part of our objectives, effective community based alternatives to institutional care for low-income adults and children with mental impairments. The SSI program plays a vital role in keeping people out of institutions. The monthly check enables people with severe disabilities to pay for stable living arrangements from which they can participate in community-based treatment and training programs.

The 6.2 million people who receive SSI live at the margin. SSI is their program of last resort. It fills in only to the extent all other sources of income and support have failed. It truly meets the definition of a safety net. Adult applicants who claim disability or visual impairment, in addition to meeting stringent income and resource limits, must demonstrate they are *unable to work at any job in the national economy* because of physical or mental impairments that are expected to last at least 12 months or result in death. The SSI eligibility test is more stringent than the test for most other disability programs, public or private, which use inability to perform *current work* as the individual's standard of disability.

For children to be eligible, they must also have severe physical or mental impairments that substantially limit their ability to develop or perform life's activities--talk, walk, play and learn, for example. Despite its growth in recent years, only one in nine of all school age children in special education qualifies for SSI.

Mr. Chairman, we do not expect people who are poor and elderly or disabled or blind to be totally exempted from your efforts to cut federal spending as you move toward a balanced budget. We do, however, want to emphasize the consequences of the type of reduction proposed in the Personal Responsibility Act for this population.

CONSEQUENCES OF THE PERSONAL RESPONSIBILITY ACT

The PRA would cap total SSI spending beginning in October 1995. The rules for establishing the cap guarantees that there would not be enough money to cover everyone now on benefits and new applicants. The cap would cut spending by an estimated \$2 billion initially, with the amount of the cut growing rapidly each year thereafter. To reach a balanced budget by 2002, many observers have estimated SSI would have to contribute cuts of 20-25% from the amounts it otherwise would spend. To achieve such substantial reductions, Congress would have to change drastically both the program's eligibility rules and benefit levels. If people cannot qualify for the program or are dropped from the rolls, we can expect the following consequences:

- ◆ **More homeless individuals and families.** Without SSI, many individuals and families whose living arrangements depend on SSI could lose the housing from which they are trying to stabilize and rebuild their lives.

- ◆ **More use of institutional/foster care.** Without the ability to pay for housing, people who are mentally ill or mentally retarded will be forced into unneeded and expensive institutional care. Families unable to care for their children with disabilities would have to give them over to foster care.

◆ **Higher state taxpayer costs.** Some states would make up the cuts at considerable cost to their taxpayers. Even states doing nothing would still have higher costs for foster care, institutions and emergency assistance. Almost everyone dropped from SSI or not granted benefits would also be denied Medicaid coverage. Without federal Medicaid matching funds, state and county health facilities would bear the full cost of treatment.

We urge the Committee not to endanger the lives and fragile existence of millions of people for whom SSI is a life line by across-the-board spending cuts. Program reductions should be addressed surgically by tightening the program's administration to ensure that only people who qualify get benefits and to regularly evaluate those who do, to determine if they are still disabled. Congress should improve the work-incentive rules to allow people to keep a greater part of the SSI benefits and their Medicaid coverage while, despite their disability, they try to work.

CHILDREN WITH DISABILITIES ON SSI

The Subcommittee on Human Resources heard testimony last Friday, January 27, from the mother of a severely involved 6-year old girl, Allison. Her story wrenched the heart of everyone in listening range. If hers were the only information the Committee received, SSI benefits for children would get a resounding endorsement. However, the Committee also heard a Louisiana state official involved in making disability determinations testify that many applicants for SSI benefits did not merit them. (The witness was unable to say that any child in Shreveport was receiving benefits fraudulently). Members of the Subcommittee have also received letters alleging that children with only "mild" disabilities are receiving benefits. Mr. McCrery of the subcommittee and Mr. Kleczka of the full committee are developing a proposal that would totally revamp the existing program by changing the eligibility standards and converting the cash benefit into services.

There is no comprehensive evidence to verify the allegations of fraud and abuse in the children's SSI program. On the other hand, there is a study by SSA concluding that alleged efforts by parents to coach their children to "act up" in school, do poorly on tests and fail subjects and "malingering" at SSA ordered psychological examinations don't work.

Advocates for children with disabilities do not want to witness the demise of a program vital to the lives of hundreds of thousands of children because of allegations some parents ripping off the program or because SSA is lax in enforcing eligibility criteria. However, we do not concede that the problems are so universal the entire program needs to be restructured as Congressmen McCrery and Kleczka recommend.

Let me suggest to the sub-committee that you act to curb alleged excesses and abuses in the program but that you withhold action on eligibility standards and questions of cash payments vs services until research and objective analysis which Congress has set in motion is completed.

We strongly urge the Subcommittee not to exchange the cash benefit for services or to require major alterations in the eligibility standards until the Commission on the Evaluation of Disability in Children reports its findings to you in November, 1995. The Children's Commission will examine issues vital to the future of the SSI program: the appropriateness of the definition of childhood disability, the validity of the standards used to establish childhood disability, the feasibility of providing benefits to children through noncash means, the extent to which SSA should use private educational and vocational agencies to foster independence in children and promote their ability to work. These are extremely important questions to which expert and objective answers should be obtained before legislating. To legislate in these areas without the report of the Commissions could be a tragic mistake for thousands of families that depend on SSI benefits to keep their families together and their children out of institutions.

In the meantime, the Subcommittee could take the following actions:

One, **require SSA to establish an office of program integrity with adequate staffing and authority to investigate and deal with allegations of fraud and abuse in the children's SSI program.** Last year in the Independent Agency Act, Congress raised fraud from a

misdeemeanor to a criminal felony and established a \$5000 civil penalty for anyone who makes or causes to be made false or misleading statements in order to receive Social Security or SSI benefits. With adequate penalties in place, a centralized investigative unit operating through the regional offices can eliminate fraud and restore public confidence in the program.

Two, require SSA to examine the areas of the country where approvals are significantly higher than average and report to Congress on actions it is taking to eliminate quality assurance problems in the disability determination process. Neither the medical listings nor the individual functional assessment (IFA) are intended to permit children with mild disorders qualifying eligible for SSI. The SSA study of 617 random cases reported that 8.6 percent of the allowances should have been denials and that in 27.7 percent of the allowances, while correct, additional information should have been obtained before the examiner reached a decision. The study, while supporting the conclusion that "coaching" and "malingering" were insignificant factors in the program, did indicate that greater attention needs to be devoted to the quality of the disability determination process.

Three, require SSA to establish and carry out a fair and consistent review of children on the SSI roles whose medical improvement is expected or possible. Current law requires such a review when the child turns 18. While SSA has established a review schedule for earlier ages, it has not actually undertaken the reviews. Congress can mandate that SSA perform an annual review on the medical and functional status of any child whose condition is considered temporary and a three-year review cycle for children whose recovery is considered possible.

Four, establish a "family cap" on benefit payments to multirecipient families. A March 1994 SSA study, based on a 5 percent sample, found 3500 to 4000 families in the nation in which 4 or more disabled adults and children or 4 or more children with disabilities in a family receive SSI benefits. To correct this situation, Congress could place a limitation on payments to families in which more than three members receive SSI benefits by reducing any benefits beyond the first three by 50 percent. The reduction would recognize that families with several children with severe impairments incur higher costs, but that some major costs (e.g. housing), are relatively fixed regardless of the number of family members.

Conclusion:

Mr. Chairman, everyone ages. We all share the risk of becoming disabled. These conditions transcend gender, race, geography. People who are also poor require the assistance of a compassionate society to meet their basic needs of life.

SSI effectively enables low income people who are elderly or who have severe disabilities or a chronic illness to buy food, clothing and shelter without undue government interference. It is a major bulwark against homelessness, institutional care and family breakup. Congress should carefully consider the consequences of damaging a safety net that is vital for millions of individuals and families.

Mr. McCRERY. Thank you, sir.
Ms. Schulzinger.

STATEMENT OF RHODA SCHULZINGER, COCHAIR, SOCIAL SECURITY TASK FORCE, CONSORTIUM FOR CITIZENS WITH DISABILITIES

Ms. SCHULZINGER. Thank you, Mr. Chairman.

I am here in my capacity as cochair of the Social Security task force of the Consortium for Citizens With Disabilities, known as CCD. CCD opposes any effort to remove the entitlement status of the Supplemental Security Income Program and to cap it. We believe that capping the SSI Program, which is by law a program of last resort, would undermine the well-being of 6 million of our society's most vulnerable members, low-income people who are elderly or unable to work because of severe disability.

We are also deeply concerned about the future of the Children's SSI Program. We unequivocally support the continuation of the SSI Program as a cash benefit to qualifying children who have severe physical or mental disabilities. Without SSI cash benefits, many families will simply not have the resources to care for their children with severe disabilities at home. Some families will be forced to surrender custody to State foster care systems or into institutions to guarantee proper care for their children. Greater assistance from State programs will increase State taxpayer costs.

Congress intended SSI benefits to pay for food, clothing, shelter and other basic needs for qualified low-income children with severe disabilities. Families raising children with severe disabilities report higher costs from extraordinary out-of-pocket expenses related to the child's disability. Many families use cash SSI benefits to offset their loss of income because a parent must remain unemployed or only work part time to care for the child.

Under the current program, medical documentation must be presented about the severity of a child's impairment to begin the application. Before making a decision, the disability examiner must review all available information about the child's ability to develop or function in an age-appropriate manner in multiple areas of childhood activities. When there are inconsistencies in the evidence, the examiner must get more information.

We believe that if State disability examiners are properly implementing the program's legal standards, children with minor disabilities should not be found eligible. In investigating allegations about program abuse, the GAO found that 70 percent of all awards went to children whose impairments were severe enough to qualify on the basis of the medical standards alone. SSA investigated allegations about parental coaching, and found that no awards were made on the basis of questionable test results. Furthermore, SSA implemented safeguards to protect the integrity of the children's program.

We support vigorous action to eliminate abuse when it is found. We recognize that several Subcommittee Members question whether the individualized functional assessment known as the IFA is an appropriate way to make eligibility decisions. We unequivocally endorse the IFA as a critical part of the childhood disability determination process.

All childhood disabilities cannot be defined in strictly black and white medical terms. For some childhood disabilities, a diagnosis by itself does not indicate the full extent of the child's functional limitations, and other children have a combination of severe disabilities, but no single condition which meets the medical criteria for one specific listing. Eliminating the IFA is a sweeping proposal that will deny benefits to children whose combination of conditions or whose functional limitations make them severely disabled.

We do believe that with appropriate enforcement, SSA can reduce the possibility of fraudulent awards to children who do not have qualifying severe disabilities. We also support the work about to begin by the commission which you have just heard about. The commission meets tomorrow for the first time, and we believe that Congress should not make any major changes until the commission submits the study requested by Congress that is due November 30.

In the interim, we recommend three things for you to consider: First, is the area of continuing disability reviews. We believe that it is appropriate to evaluate children when there is the possibility or the expected hope of medical improvements. Second, we believe that enforced monitoring and enforcement by SSA is necessary. This would require increased monitoring and training of State disability examiners regarding all aspects of the eligibility process, including the IFA and improved notification to representative payees.

Thank you very much.

[The prepared statement follows:]

STATEMENT OF RHODA SCHULZINGER CONSORTIUM FOR CITIZENS WITH DISABILITIES

The Consortium for Citizens with Disabilities (CCD) is a coalition comprised of more than 120 national consumer, advocacy, provider and professional organizations which advocate on behalf of our nation's 49 million citizens of all ages with physical and mental disabilities and their families. Working through task forces, CCD works on federal policy issues in a number of areas including budget and appropriations, education, employment and training, health care, housing, long term services and supports, income maintenance, rights, technology and transportation.

CCD unequivocally supports the continuation of the Supplemental Security Income (SSI) program as a cash assistance program to provide basic income for low-income children who have severe disabilities or chronic illness or who are blind. We believe that the SSI program for children is extremely important because it encourages low-income families to stay together and reduces the need for more costly out-of-home institutionalization. The cash assistance program is founded on the principle that families should be empowered to decide how to best meet the needs of children with severe disabilities.

The Consortium believes that the strength of the SSI program is that the cash benefit encourages lower-income families to stay together in order to help their children gain the greatest possible independence as adults. The program's premise is that families can best decide how to meet their own children's needs.

If eligible children lose their SSI cash benefits, many families will simply not have the resources to care for them at home. They would turn to state and local governments for more assistance. Without the federal benefits that parents now spend on behalf of their children, state costs to serve children with severe disabilities would inevitably escalate. As an especially tragic consequence, some families would be forced to surrender custody to guarantee proper care for their children, either through the foster care system or in state institutions at a higher cost to taxpayers.

Our testimony answers five basic questions about the children's SSI program and recommends steps to consider that will improve the program's operation:

1. What is the purpose of the children's SSI program?
2. Who qualifies for children's SSI benefits?
3. What is the disability determination process for a child to prove eligibility?
4. Why is cash assistance critical for eligible families?
5. Why have the children's SSI applications increased over the past few years?

1. WHAT IS THE PURPOSE OF THE CHILDREN'S SSI PROGRAM?

Congress intended SSI benefits to pay for food, clothing and shelter for qualified low-income children with severe disabilities and children who are blind. The cash payment recognizes the family's wisdom and responsibility to make decisions about how to best spend benefits on behalf of an eligible child.

Families raising children with severe physical, developmental or mental disabilities have higher expenses and often have less income. Although public or private health insurance covers some medical costs, families face extraordinary additional out-of-pocket expenses related to the child's disability which continue throughout the lifetime of the child. The needs of a child with a severe disability frequently require a parent to remain home and forego paid employment. Some parents remain underemployed by taking a part-time job to have more time at home. Other parents must refuse better job offers to protect current health benefits or remain in a school district that has the necessary services for their child. All these factors decrease family income in both one and two-parent households.

2. WHO RECEIVES CHILDREN'S SSI BENEFITS?

To be eligible for SSI, a child must meet two sets of eligibility criteria: financial and disability. Only **after** the child is found financially eligible does Social Security consider whether the child is blind or whether the child's disability or chronic illness is severe enough to qualify.

In June 1994, 68 percent of eligible children received the maximum federal payment of \$446 and almost another six percent received 90 to 98 percent of the maximum federal benefit. This means that almost three-quarters of the children receiving SSI benefits were living in very low-income families because in a means-tested program, people with the lowest income receive the highest benefits. Benefits are also available to qualifying children whose families fall out of the middle-class mainstream when disability strikes. The extra expenses they incur and the income they forfeit when a parent must stay home to care for a child with severe disability make them financially eligible for SSI.

Families apply for SSI for their children not only for the cash assistance, but also because in most states, children who qualify automatically receive medical assistance through Medicaid. These families depend upon Medicaid for health coverage for their children with severe disabilities because currently, many of these children do not qualify for any private health insurance because of their pre-existing conditions or because their parents work for employers who do not provide health insurance.

In June 1994, almost 850,000 children received SSI benefits because they were blind or disabled. Children with **mental retardation** were the largest single group, representing about **44 percent of the enrollment**, while another 34 percent have physical disabilities and 22 percent have mental disorders.

3. WHAT IS THE DISABILITY DETERMINATION PROCESS FOR A CHILD?

Medical Proof

Medical documentation must be presented about a child's **severe medical or psychological impairment** to begin Social Security's disability review process. The impairment must be identical or equivalent to one appearing on a specific list of qualifying impairments or must significantly interfere with the child's ability to develop or function in an age-appropriate manner in multiple areas of normal childhood activities. The disability examiner is required by law to evaluate each application to document whether benefits should be awarded or denied.

Recent allegations suggest that children are qualifying who do not have severe disabilities. However, the General Accounting Office investigated and found that 70 percent of all awards went to children whose impairments were severe enough to qualify on the basis of the medical standards alone without any consideration of their functional limitations.

Functional/Developmental Documentation

The disability examiner must also consider functional information from people who observe the child over a period of time such as parents, social workers, child care providers, clergy and school personnel. By collecting evidence from many sources, the examiner can verify the extent of a child's disability or chronic illness.

Comprehensive Decisionmaking

To make a decision, the disability examiner is required to review all available information about the child's daily functioning. Any test results must be consistent with other evidence about the child's daily behavior and activities. If there are

inconsistencies, the examiner must get more documentation to resolve the differences. Social Security provides on-going training and guidance to the state disability examiners to ensure that they are properly implementing the legal requirements of the disability procedure.

Coaching Allegations

It is nearly impossible for children to feign disabilities to qualify for benefits. The severity of a child's disability must be so fully documented that children with minor physical or behavioral problems cannot qualify for SSI. However, allegations have been made that parents coach their children to "fake" a mental disorder, do poorly on tests or act out in school.

The only thorough investigation of such allegations was conducted by Social Security's Office of Disability. It reviewed more than 600 randomly selected files of children with behavioral disabilities and did not find one case of alleged coaching that resulted in a benefit award. Possible coaching was present in only 13 of the 617 cases; 10 of these claims were denied and the other three children received awards on the basis of evidence other than the questionable tests. Furthermore, SSA cautioned in their report that the special sample of behavioral disorders cannot be considered representative of the entire SSI childhood population or even of SSI children with other mental disorders.

In addition to its study, Social Security has added safeguards to protect the program's integrity amidst the continuing allegations of coaching. There is a toll-free telephone number for concerned professionals to make anonymous reports about families they suspect are coaching their children. There is also a procedure for state disability examiners to report any suspicions of coaching. Designated staff at Social Security headquarters investigate all such allegations. With appropriate enforcement, the agency can reduce the possibility of fraudulent awards. It is neither sound public or fiscal policy to impose an intrusive bureaucratic paper machine upon families and tremendously increase the cost of government for almost 850,000 families when there is no exact knowledge of how many families are actually abusing the program.

4. WHY IS CASH ASSISTANCE CRITICAL FOR ELIGIBLE FAMILIES?

Families report using their children's benefits for a variety of higher-than-average daily expenses as well as the special expenses related to the child's severe disability. The cash assistance helps parents meet the changing needs of a child with a severe disability, helping him or her to learn and gain the greatest possible independence as an adult without trying to deprive other family members of their respective need to grow and learn. Often the SSI benefit is the only money available to families to purchase the multiple items and services that meet the child's complex needs. Families report using their children's SSI benefits for the following types of expenses:

- o utility bills (electric bills for 24 hour/day respirators, rental costs of back-up generators to prevent power lapses, battery charges for communication devices or power wheelchairs, water bills for above average bathing and laundry usage)
- o telephone calls to medical providers, pharmacists, social service providers and schools
- o specially trained child care providers since neighborhood babysitters are often unable or unwilling to care for children with disabilities
- o respite care
- o personal assistance services (including wages and taxes)

- o public or private transportation costs for numerous trips (often long distances in rural areas) to obtain medical treatment and services
- o adapted clothing (e.g. buttons replaced with velcro fasteners, specially fitted shoes, modified openings or specially designed clothing for persons with limited movement)
- o clothing, laundry and household cleaning supplies (e.g. children who require frequent clothing changes or whose disability requires more frequent household cleaning)
- o specially equipped vehicles to transport children who use wheelchairs
- o home repairs (e.g. special safety equipment such as protective coverings for kitchen appliances, extraordinary wear-and-tear from wheelchairs)
- o home modifications/adaptations including environmental control equipment (e.g. widen doorways, change doorknobs to levers, add ramps, modify controls & switches, install bathroom railings and special bathing and toileting equipment)
- o service and repairs for assistive technology (e.g. power wheelchairs, prosthetics, hearing aids)
- o adapted toys and learning materials (e.g. special tricycle for a child with a physical disability)
- o assistive technology for school homework (e.g. computers with voice output, touch screen or modified keyboard)
- o special telecommunication services/devices (e.g. TTY)
- o co-payments and deductibles for routine medical visits, specialty consultations, medication, biological products, physical/speech/ occupational therapy, orthotic devices and wheelchairs customized for children not covered by Medicaid, private insurance or school districts
- o over-the-counter items not customarily paid for by public or private insurance such as special creams for skin conditions, diapers for older children, wigs, special formulas for managed diets
- o family support services

Many families use cash SSI benefits to partly offset their loss of income because a parent must remain unemployed or only work part-time to care for the child with a severe disability. In summary, it is very often the case that families spend over \$100 each week for the specialized goods and services that their children with severe disabilities require, readily absorbing the full SSI monthly payment.

5. WHY HAVE CHILDREN'S SSI APPLICATIONS INCREASED RECENTLY?

A number of events over the past few years explain the increase in children's SSI applications. The recession of the early '90s increased the economic stress on families. More families whose children had severe disabilities lost income and their children became financially eligible for benefits. Also, the number of children living in poverty is the highest in almost 30 years.

Congress, in 1989, directed the Social Security Administration (SSA) to conduct outreach, for the first time, to potentially eligible families with children who have severe disabilities to encourage them to apply for benefits. The next year, SSA published and began to implement new rules for children with mental and emotional disabilities. The

new rules were designed with help from a panel of experts convened by Social Security that included child development specialists, psychiatrists, educators, mental health advocates and agency staff. The old standards had not reflected current definitions and diagnoses of mental disorders. SSA's use of new and more realistic standards enabled more children with severe mental impairments to qualify for benefits.

The U.S. Supreme Court issued its decision in 1990 in the Zebley v. Sullivan case requiring SSA to change its childhood disability determination process to evaluate the child's level of functioning in addition to his or her medical condition. Members of the expert panel advising Social Security as the agency developed the new childhood disability process estimated that over 1 million children would meet financial and disability criteria. Part of the Zebley case required Social Security to notify 452,000 children who were illegally denied benefits between 1980 and 1990 that they had a right to have their cases reevaluated. The agency ultimately reinstated and paid back benefits to 135,000 children who had been illegally found ineligible. By court order, SSA was told to notify all class members by letter and also to do public service announcements and national outreach to potentially eligible children.

To augment Social Security's outreach efforts, several major foundations funded the Children's SSI Campaign coordinated by the Bazelon Center for Mental Health Law, a CCD member organization. The campaign worked with state agencies, advocates and professional groups across the country to notify potentially eligible families about changes in the SSI program and how to apply.

Both Social Security and the Children's SSI Campaign publicized new financial eligibility rules, issued in November 1992, that calculate the financial eligibility of working families more equitably than before. Thousands of children whose parents are employed who were previously denied because they were over the income limits are now eligible for this means-tested program.

RECOMMENDATIONS

The expected and predicted growth of the children's SSI program has prompted some extremely negative unsubstantiated stories about families allegedly abusing SSI benefits. Amidst the allegations, there has been virtually no attention to legitimate questions about whether and how the children's SSI program is serving its intended beneficiaries.

Last year, Congress authorized a Commission on Childhood Disability to study the program and possible alternatives. Last week, Secretary Shalala announced the Commission members who include nationally recognized experts in the fields of medicine, psychology, rehabilitation, law, education, disability program administration, social insurance, social and family policy and ethics. In light of the mandate to the Commission, we believe that Congress should not make any major changes in the children's SSI program until the Commission submits its required study to Congress by November 30, 1995. The Commission, through the work of its staff and accomplished members, will provide more complete information and data about who the program serves and what families need to meet the needs of their children with severe disabilities.

In the interim, we recognize that every federal program rightfully needs regular monitoring and review to assess its usefulness and efficiency. We believe that with appropriate enforcement, Social Security can reduce the possibility of fraudulent awards to children who do not have qualifying severe disabilities. In addition, we welcome the opportunity to work with members of the Subcommittee to improve the operation of the children's SSI program, especially in three areas:

1. Continuing disability reviews.

We support the requirement in the Social Security Independence and Program Improvements Act of 1994 that requires redetermination of eligibility for SSI recipients upon his or her 18th birthday. At that time, the child will be reevaluated under the adult disability criteria. The redetermination will substitute for a continuing disability review and Social Security must review at least one-third of the children reaching age 18 in each of fiscal years 1996, 1997 and 1998. The provision expires on October 1, 1998 when a report is due to Congress.

In addition to this requirement, there are some children under the age of 18 who do medically improve during the time of their eligibility. We believe it is appropriate to discuss establishing a schedule to review periodically the continuing disability status of childhood recipients in cases where medical improvement is either possible or expected. We are mindful of the human tragedy of the early 1980s when hundreds of thousands of adults with severe disabilities who were receiving SSI benefits were illegally dropped from the rolls. Consequently, we support the establishment of a realistic review process over arbitrary steps to make wholesale reductions among childhood beneficiaries.

2. Improved work incentives for young people.

People with disabilities are motivated to work, even when their disabilities are severe. The 1994 National Organization on Disability/Harris Poll found that 79 percent of non-working adults with disabilities would like to have a job, up from 66 percent in a 1986 poll. However, people with severe disabilities often are afraid to test the competitive market without some initial support through vocational training and the assurance that benefits will be easily re-established if their work effort fails. The SSI program already has some such work incentives, but they are not well known among young people who want to make a successful transition to the adult world of work.

Social Security should promote existing work incentives more widely. In addition, Social Security should work with the Departments of Education and Labor and all other appropriate federal and state agencies to improve work incentives for children with severe disabilities to enhance their ability to work to the extent of their capabilities.

3. Improved notification to parents (or any representative payee for the child) regarding proper expenditures.

When receiving notification from Social Security that their child is eligible for SSI, many families do not receive clear instructions about the nature of the appropriate expenditures. Similarly, the instructions about the regular reporting responsibilities for representative payees are not as clear as they should be. Significant improvements could be made by providing parents (as representative payees) with appropriate, timely information regarding their responsibilities in receiving SSI payments on behalf of their children.

We look forward to working with the members of the Subcommittee to ensure that families can continue to care for their children who have severe disabilities or who are blind.

For more information, contact Rhoda Schulzinger, Bazelon Center for Mental Health Law (202-467-5730) or Marty Ford, The Arc (202-785-3388), co-chairs of CCD's Social Security Task Force.

Mr. McCRERY. Thank you.
Ms. Vasiloff.

**STATEMENT OF JENNIFER A. VASILOFF, EXECUTIVE
DIRECTOR, COALITION ON HUMAN NEEDS**

Ms. VASILOFF. Thank you, Mr. Chairman and Members of the Subcommittee.

I am here to talk about real welfare reform. The Coalition on Human Needs is an alliance of over 100 national organizations working together to promote public policies which address the needs of low-income Americans. The coalition's members include civil rights, religious, labor and professional organizations and those concerned with the well-being of children, women, the elderly and people with disabilities.

We believe real welfare reform will reduce the need for welfare, instead of punishing people for being poor. Real welfare reform would help move people from welfare to work at a livable wage, instead of requiring them to work off a grant at subminimum wages. Real welfare reform would assure an adequate safety net for children and their families, instead of increasing hunger and homelessness among our Nation's most vulnerable people.

The Coalition on Human Needs is deeply concerned with proposals under consideration by this Committee that would abandon a Federal role in helping provide a basic subsistence level of support for poor children and their families. Six million children in this country are living below the poverty level, many of them welfare recipients. Real welfare reform puts the interests of children first.

The coalition opposes ending the individual entitlement status of such vital programs as Aid to Families with Dependent Children, food stamps, child welfare and other critically important safety net programs. If Congress adopts the recommendations of the Republican Governors, women and children who are poor and in need of food, clothing and shelter will be callously cut off. Block grants are discriminatory and their innocuous name should not delude anyone that they will not be as destructive to poor families as some other recent proposals.

The coalition opposes the welfare reform approach outlined in the GOP Contract With America. We oppose proposals to establish orphanages, to deny the babies of teenage mothers assistance for their entire childhood, and to drop millions of children from eligibility for any benefits because a State agency fails to establish their paternity.

Congress must not abandon our Nation's neediest families. Real welfare reform protects children and provides job opportunities to their parents, instead of punishing the whole family for being poor. We implore the Committee to keep this basic definition of real welfare reform in mind as you consider this critically important subject.

Thank you.

Mr. McCRERY. Thank you, Ms. Vasiloff.

David Beckmann will be our last speaker on this panel.

Mr. Beckmann.

STATEMENT OF DAVID BECKMANN, PRESIDENT, BREAD FOR THE WORLD

Mr. BECKMANN. Thank you especially for your attention at this hour. I appreciate that.

Bread for the World is a Christian citizens movement against hunger. We have 44,000 active individual members, 3,500 local churches and receive support from 60 denominations all across the theological perspective. We are a part of the Coalition on Human Needs, and we support welfare reform that would bring people up and out of poverty, not welfare reform that would just push people off the welfare rolls.

Specifically, I would like to focus on the Federal food programs and ask, as you put together the welfare reform package, that you not block grant and cut the Federal food programs. I would like to make two arguments in that regard.

First, the Federal food programs work. Second, churches cannot pick up more of the tab for feeding people. The food programs work. They were established and have been maintained by bipartisan consensus. In the mideighties there was a Committee on Federalism that looked into what should be delegated to the States. That bipartisan committee, which was chaired by a Republican Senator, concluded that feeding hungry children is a Federal responsibility, because we want to make sure that all American children have enough to eat, and kids who do not have enough to eat move sometime during their life to other States and become voters and workers and perhaps welfare recipients in other parts of the country.

The Federal food programs show that Americans support these programs and, in fact, would support increased funding for feeding hungry children. Finally, these programs should be seen as an investment. For example, the WIC Program, when it invests a dollar of Federal money in feeding underfed pregnant women, saves the Federal Government itself over \$4 in Medicaid benefits for underweight and premature babies. When we feed hungry children, we are investing in their capacity to think and to develop. These are investments that pay. So the first reason for not block granting or cutting the Federal food programs is that they work.

The second reason, speaking for a church-based movement, is that the churches just cannot pick up more of the tab. The Personal Responsibility Act would cut an estimated \$60 billion in funding for low-income programs over a 4-year period. If you divide that among 350,000 churches in this country, that is \$170,000 per church. I do not know where you go to church, but my church cannot pick up an extra \$170,000 over the next 4 years. It is just unrealistic.

Moreover, we have tried the "Thousand Points of Light" approach, and it has not been enough in dealing with hunger in this country. In the early eighties, there was a sharp increase in hunger. Churches and charities have responded with extraordinary zeal until now we have this private feeding movement in our country.

There were very few food pantries and soup kitchens in the eighties, and now there are 150,000 private agencies that are passing out food to hungry people in our country. If you go to any soup kitchen in any low-income part of any city in the country or rural

area in the country and ask, they will say that the Federal Government must do its part. Ironically, the reliance of government increasingly on charity to pick up the tab for feeding people is pushing charities out of what they do best, which is helping people to assume personal responsibility.

The charities are good at helping people deal with problems of alcoholism or spousal abuse, those kinds of things. But in fact if you look at what has happened to Catholic Charities or Lutheran Social Services or the rest, increasingly they are taking over feeding people and they are doing less of the empowerment and equipping that they should do and that they can do a lot better than government programs.

Finally, I just want to make a theological point, and that is that the Bible teaches us that dealing with need is a social responsibility. The prophets went especially to the kings, the governmental structures of their day. It is not just a personal responsibility or a charitable responsibility. It is a social responsibility.

For those reasons, I urge you to craft welfare reform proposals that will bring people up and out of poverty and specifically not to block grant and cut the Federal food programs.

Thank you.

[The prepared statement follows:]

TESTIMONY OF BREAD FOR THE WORLD

by David Beckmann, President

Ways and Means Committee, Subcommittee on Human Resources

February 2, 1995

Mr. Chairman, members of the subcommittee, thank you for inviting us to testify on welfare reform. My name is David Beckmann. I am the President of Bread for the World, a Christian citizens' movement against hunger. We have 44,000 members. Sixty denominations and 3,500 churches of many theological perspectives support Bread for the World.

We would like to register our strong opposition to merging food assistance programs into a single block grant as part of welfare reform.

Many things in our welfare system need changing, and we support reforms that would effectively help employable poor people move into jobs that would enable them to support their families. But it will take an extraordinary commitment on the part of government, the private sector and the individual to make this possible on a large scale.

The welfare debate should not be about cutting dollars but about becoming more effective in reducing hunger and poverty. Polls show that people don't want to cut food assistance and are especially open to spending more on poor children. We should spend more money now for prevention programs like WIC and Head Start; they save money in the long run. It also makes sense to pay for necessary remedial education, job training, job creation, low-wage subsidies, and assistance with child care and health care so that people can get into the workforce.

FEDERAL FOOD PROGRAMS ARE EFFECTIVE

One of the things government has figured out how to do well over the past 30 years is to provide basic nutrition for those who are disadvantaged. This is a good investment, since adequate diets are essential for healthy development and productive work.

Just after the Second World War, the country recognized -- because many recruits were not eligible to serve due to the effects of malnutrition -- that child nutrition is essential to national security. The School Lunch Program was started to remedy that problem. Gradually, our nation has put together a comprehensive nutrition safety net composed of federal food assistance programs for pregnant women, pre-school and school-age children, adults, and senior citizens. It would be short-sighted for the federal government to wash its hands of the responsibility to assure an adequate diet for all its citizens.

In the mid-1980s the bipartisan Committee on Federalism and the National Purpose chaired by Republican Senator Dan Evans investigated turning some federal programs over to the states. They concluded that the federal government should take on an even larger responsibility for seeing that poor children were assured basic benefits. "Whenever it occurs, poverty is a blight on our whole society," the Committee reported, "and Americans in similar circumstances should be treated alike. Children whose early years are damaged by the effects of poverty in one state may later become voters, employees, and possibly welfare recipients in other states."

The federal food programs work.

- **WIC** reduces infant mortality, low birthweight, and anemia. It improves cognitive skills. A panel of Fortune 500 CEOs testified before this body in 1991 that "WIC is the health-care equivalent of a triple-A rated investment."
- **School Lunch** provides children with one-third or more of the Recommended Dietary Allowance for key nutrients.
- **Food stamps** increase the nutritional quality of diets by 20 to 40 percent.
- **Elderly Nutrition Programs** improve the nutritional health of older people, who are particularly vulnerable to malnutrition.

CHURCHES ARE ALREADY DOING THEIR PART

Some members of Congress have said that churches can bear yet more of the cost for feeding and sheltering people in need. The Personal Responsibility Act, H.R. 4, cuts \$60 billion from welfare and food programs over the next four years. If the 350,000 churches in America

would have to make up for that cut, they would need to add \$170,000 to their budgets over the four years. This is completely unrealistic.

We've tried the thousand-points-of-light to deal with hunger. Hunger increased in the early 1980s, partly because Congress cut social programs then. Churches and others across the country have responded to growing hunger with a private feeding movement. There were very few soup kitchens in 1980; now there are 150,000 private feeding agencies passing out food to hungry people in our country. Private charities have been diverted from encouraging personal responsibility -- alcohol and drug rehabilitation, for example -- into just feeding people month by month.

And the explosive growth of the private feeding movement has failed to keep pace with the growth of hunger. Ask at any soup kitchen or food pantry in any low-income neighborhood. The federal government must do its part.

Let me also make a theological point. The Bible teaches that God holds societies responsible for justice toward people in need. The prophets held kings -- their government structure -- primarily responsible. The Bible also urges individuals to be charitable, but charity is no substitute for justice.

We urge you to maintain the federal government's role in providing a safety net for needy children, families, and elderly people. This can best be done by keeping national nutrition and eligibility standards, preserving entitlement status for food stamps, child nutrition and Aid to Families with Dependent Children, and increasing funding for WIC to reach all eligible low-income women, infants, and children.

Mr. MCCRERY. Thank you, Mr. Beckmann.

Ms. Dunn, do you have questions for this panel?

Ms. DUNN. No questions.

Mr. MCCRERY. Mrs. Kennelly.

Mrs. KENNELLY. Ms. Schulzinger, I believe you said that we should wait before we do anything on SSI until the commission completes its work and recommends.

Ms. SCHULZINGER. Yes, ma'am. They are meeting tomorrow for the first time.

Mrs. KENNELLY. Have you been following these hearings at all or been reading about them?

Ms. SCHULZINGER. Yes. I was here last Friday.

Mrs. KENNELLY. Then you know that we are under a real pressure to eliminate fraud from the SSI Children's Program?

Ms. SCHULZINGER. Yes.

Mrs. KENNELLY. Have you got any suggestions of what we could do in the meantime, while the commission does its work, that we could eliminate some of this fraud so we do not ruin the whole program?

Ms. SCHULZINGER. Yes, I had three specific recommendations that I had at the end of my testimony. One is this issue of continuing disability reviews. You may be aware of the fact that the agency has an obligation to check whether children still in fact are disabled and are still eligible under the guidelines. We support checking the disability status of childhood beneficiaries where medical improvement is either possible or expected. Obviously, for some children, for example, someone with profound mental retardation, you are not going to expect improvement and you would not subject the family to that review.

Mrs. KENNELLY. But that is already in the rules right now, am I right?

Ms. SCHULZINGER. But it is not done very often. At this point, it is done mostly only for premature infants. It is not being done very much at all for other children. Congress did ask for review of beneficiaries at the age of 18 when you passed the Independent Agency Act last year, and that is just beginning. But very few are being done and we support increasing the effort in that area.

We also are concerned that there be increased monitoring and training of the State disability examiners. I believe you heard me say that we believe that if the rules, as they exist on paper are properly implemented, children with minor disabilities should not be found eligible. So we are concerned that there be better monitoring and enforcement of those regulations by the agency.

Mrs. KENNELLY. That is a very acceptable and good answer. From your experience in working with this program, can you give us any more insight on why you have particular areas that have a high incidence of SSI children—we have almost explosive signups for the SSI for children. Is there anything you can think of that we could do quickly so that people who really need it will not lose these benefits because of the abuse by others?

Ms. SCHULZINGER. I think in areas of the country where there does seem to be a higher than average approval rate, it would be appropriate for SSA to go in and beef up their review of what is going on. SSA, as you probably know, does have a quality assur-

ance program. There are many safeguards in place, and if questions are being raised in particular areas of the country like the 50-mile radius of the Arkansas-Louisiana Delta, which is clearly where a lot of these stories are coming from, then we are concerned that there be appropriate reviews of what is going on in the Arkansas and Louisiana State DDSs. Those are the two States that have obviously gotten the most publicity. There may be other States where people are concerned that there is a higher than average expected rate of approvals.

Mrs. KENNELLY. So you agree there is abuse going on?

Ms. SCHULZINGER. There may be specific examples of abuse, although it has yet to be documented. As you know, much of this is completely anecdotal. The report by SSA which reviewed the 600 cases, which I know you have heard about so I will not go into it, found no instances of awards being made on the basis of questionable tests. Even Mr. Parker, who was here last week from the Louisiana DDS, admitted that in the district office that he manages there were no examples of fraud that were found. He said that.

Mrs. KENNELLY. I still wonder what exactly is happening, but I guess we will find out. Thank you very much.

Mr. MCCRERY. Thank you all for your testimony. Let me just say I appreciate the testimony of Ms. Schulzinger and Dr. Shonkoff particularly with respect to the Children's SSI Program. As you know, that has been my primary focus on this Subcommittee. It is not an easy problem.

I disagree with the Social Security Administration study. I think there is ample evidence of fraud—not necessarily fraud, but ample evidence that there are children receiving SSI who most ordinary Americans would agree do not deserve to be on SSI. Now, that is not fraud. They qualify in many instances under the current guidelines. Therefore, the question is how do we tighten the guidelines to keep out those children that most of us would agree do not belong on SSI, without damaging the prospects of children truly in need. That is where we are.

The IFA is a particular problem. Ms. Schulzinger, although I have heard your testimony that you are opposed to doing away with the IFA, I am going to proceed along that line of doing away with the IFA or at least modifying it substantially. I would be interested in any suggestions you have, if you would like to submit those in writing to me, any suggestions you have for tightening those eligibility standards so that we can use a tighter screen.

The disability determination folks, as you heard from Mr. Parker last week, are the very ones crying out for help in this. Their hands are tied to a great extent. You are right, they have not necessarily found fraud. They are saying there are many children who qualify under the current standards who do not belong there, and they are looking for help to tighten those standards. That is what I am looking to you for, is some help in that regard. We are not there yet. I have not finalized my proposal and I am working with some other folks trying to get a solution to this eligibility standard that will get us where we all want to go, I think.

Dr. Shonkoff, I thought your remarks were particularly insightful. In fact, I have included in my approach several of the items that you mentioned as far as a path to follow in trying to revise this program.

[The following was subsequently received:]



Civil Rights and Human Dignity

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Leonard S. Rubenstein

February 24, 1995

The Honorable E. Clay Shaw, Jr.
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

Dear Representative Shaw:

I testified at the February 2nd welfare reform hearing about the children's SSI program. At that time, Representative Jim McCrery asked me a question about the individual functional assessment in the childhood disability determination process. Here is my response for the record:

The Consortium for Citizens with Disabilities (CCD) unequivocally endorses the individual functional assessment as a critical part of childhood disability determination process. Many children have very severe disabilities that do not match any of the exact medical criteria for SSI on the Social Security Administration's list of impairments. Some of them are able to qualify for SSI through an IFA.

In an IFA, examiners and physicians of the state Disability Determination Service (DDS) look at a child's limitations in various functional "domains" relevant to the child's age-areas of development and functioning vital to a child's life. The domains are: cognition, communication, motor abilities, social skills, personal/behavioral patterns and concentration, persistence and pace. When the DDS finds that a child has "marked" or "moderate" limitations in several domains, the child's impairment can be considered comparable in severity to one that would disable an adult—the ultimate standard for a child's SSI eligibility.

Many children with mental retardation, for example, qualify through an IFA when their IQ is just above the limit established by the listed criteria and they have moderate limitations in three of the domains. The IFA is also helpful when children have a combination of mental and physical impairments. Even when no one impairment meets the specific medical criteria, the IFA allows DDS examiners to assess the total impact on the child's ability to function. Further, children's health is often compromised by adverse life circumstances that are not among the listed criteria—problems such as physical and sexual abuse, lead poisoning, prenatal exposure to drugs and sexually transmitted diseases, exposure to violent behaviors against others (such as witnessing their mother's murder) and the impact on health of abject poverty. When the result is severely impaired functioning, the IFA enables them to receive assistance.

The General Accounting Office estimates that 30 percent of children now eligible for SSI qualify because their disabilities significantly limit their ability to function normally. By eliminating the IFA, this significant group of children will no longer be eligible for cash benefits -- and most will also lose their Medicaid coverage. We urge the Subcommittee to reconsider its proposal to eliminate IFA because it is a sweeping proposal that will deny benefits to hundreds of thousands of children who have very serious disabilities.

Sincerely,

Rhoda Schulzinger

cc: Representative Jim McCrery

Mr. MCCRERY. Thank you all very much for coming today.

Our next panel is David Roth, executive director, Cleveland Works, Inc.; Ruth Smith, president, Highland Community College, on behalf of the American Association of Community Colleges; Katherine McFate, associate director, Joint Center for Political and Economic Studies; Sonia Pérez, director, National Council of La Raza; Denise Ripley, Philadelphia Unemployment Project; and Cheri Honkala, executive director, Pennsylvania Welfare Rights Union.

Ms. DUNN [presiding]. Mr. Roth, why don't you proceed.

**STATEMENT OF DAVID B. ROTH, EXECUTIVE DIRECTOR,
CLEVELAND WORKS, INC., CLEVELAND, OHIO**

Mr. ROTH. Thank you.

On behalf of the board and staff and people served by Cleveland Works, we certainly appreciate this opportunity to share our thoughts and results with you. If there is a point that we are going to try to emphasize in this short time, it is that we are experienced. We opened in 1986.

We have grown to firmly believe that any individual, when given the opportunity to become gainfully employed and have a better quality of life, will seize that opportunity and become an excellent employee. We kind of work backward from the perspective that whatever programs and services are necessary to insure that one becomes a taxpaying, law-abiding and productive person, that those are small prices to pay.

We use a commonsense caring approach. There is no secret ingredient or magic formula to what we do. And we have never felt that people would rather be on welfare than working. Yet, the only way we have ever seen people to be able to get out of a vicious cycle, whether it is crime, violence, abuse, sexually transmitted diseases, drugs, you name it, is through gainful employment. It is a cruel hoax and it just is not fair for people to somehow believe that an individual can raise his or her family without the means to be gainfully employed.

We have over 600 employers throughout the Greater Cleveland area that hire from Cleveland Works, with an average wage of close to \$7 an hour, and every one of these employers provide family paid employee benefits. Cleveland, Ohio just ranked as the 99th poorest city in the country of the 100 largest cities in per capita income. We also have a caseload of 250,000 people on welfare in our town.

Someone needs to put under the microscope and be quite relentless at the notion of why would 600 employers in a town of high unemployment look to a place like Cleveland Works as a valuable resource for its employees, when they know the people that we serve by definition have the least amount of education, the least amount of employment and the most amount of life management problems in their background.

This has necessitated us to have an onsite day care and Head Start Program, onsite legal services, and onsite health care services. But all of these programs did not come about through strategic planning. These came about through our trying to be sensitive

and responsive to just people's needs in terms of what they needed, so that they could give a good day's labor for a good day's pay.

Our people go from hell to heaven. We can on the one hand say that the cash assistance is so low and now you are making a good dollar, that you will not see the fruits of your labor in terms of better food, clothing and housing. And the people we serve know that something is very fundamentally flawed, if they go home at night and cannot tangibly see their children doing better, having a better education.

We have a 75,000 pupil system in the Cleveland public schools. Of those 75,000 children, 80 percent are on welfare. And we are in a State where an individual on welfare without children only gets \$600 a year. So the notion that somebody would go on for cash assistance to get \$600 a year obviously is just too extreme a notion.

Too much emphasis is being placed on those few people who may abuse the system, who may not want to work, when you have so many people that are out of work, so many people who simply want a piece of the American pie so they can control and shape a better future for them and their children.

All we are doing is investing in families so that they have the proper means to have the type of standard of living where things such as child support will be paid, where quality education will be real, where accessible health care will become available. Yet, it seems a lot of the tone and tenor is somehow concerned with an approach that says maybe if we get to the underlying causes of why people get on welfare.

People only get on welfare because they have to. We happen to live in a country that is the only one left in the world that says if you downsize yourself and show us how debilitating and humiliating your situation is, here is all the health care you want whenever you want through Medicaid. They are certainly not jumping on welfare for that chump change, but if that is the only way you can provide health care for your children—that is why our 600 employers must provide family paid health benefits through the employer.

I question whether or not this could not be applied across the board. We are now in seven cities. We have Louisville Works. You will hear from Orange County Works later today. There is Columbus and Cincinnati Works. There is Seattle Works. I think all of these in their own way are not models, but they are examples that with a results-oriented approach that starts toward accountability.

If Cleveland Works could not show where every penny spent directly affects one's ability to control and shape a better future, then we should not be funded. It is just not that hard to document whether people are getting a paycheck or a welfare check or whether they are gainfully employed or that they are caught up in the throes of poverty.

Thank you.

[The prepared statement follows:]

SUBMITTED STATEMENT OF
MR. DAVID B. ROTH, ESQ.
ON BEHALF OF CLEVELAND WORKS, INC.
TO THE COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEE ON HUMAN RESOURCES
CONCERNING WELFARE REFORM

Mr. Chairman, Members of the Subcommittee. On behalf of the Board of Trustees, staff, and people served by Cleveland Works, Inc., thank you for this opportunity to share my views on welfare reform.

The comments and observations that follow are based upon more than 25 years of work with low-income families. The large majority of this experience stems from being the co-Founder and Executive Director of the Free Medical Clinic of Greater Cleveland (1973-1981), Founder and Executive Director of Cleveland Works, Inc. (1986-present), and an attorney to low-income people in need of free legal representation. Additionally, I serve on the Board of Trustees of several community-based non-profit organizations which operate within the human service sector of Cuyahoga County, including the Alcohol and Drug Addiction Services Board of Cuyahoga County. I hope that my involvement with these initiatives will provide valuable insight into the topic of these hearings.

Briefly, let me familiarize you with Cleveland Works, a private, non-profit organization which works to identify and successfully meet the socio-economic needs of families in poverty, especially the parents and children on welfare. Established in August of 1986, Cleveland Works operates on the assumption that, if given an opportunity, a person will choose independence over dependence, work over welfare, and legitimacy over illegitimacy. At the core is the fundamental belief that full-time employment with health benefits is the only way for a person and his/her family to achieve a decent standard of living. A comprehensive and unique array of integrated family programs and job-related support services have been developed on-site in order to help participants leap and outmaneuver the many hurdles and barriers which stand in the way of employment. The staff takes a common sense, caring approach, doing "whatever-it-takes" to help families literally "work" their way out of poverty.

The answers we are developing at Cleveland Works are neither overly complex nor overly burdensome to implement. Cleveland Works is simply an all-out attempt to successfully remove a family's long-term welfare dependency by providing heads of households on public assistance with full-time jobs that provide employer-paid family health benefits and an hourly wage that truly improves their standard of living. In this way, it serves three primary purposes: 1) to enable those on public assistance to become self-sufficient and take control of their lives; 2) to provide productive, reliable workers to Greater Cleveland's employers; and 3) to save public dollars by helping welfare recipients become productive, taxpaying, and law-abiding citizens.

There are hundreds of employment and training organizations around the country—groups which assess the needs of their clients, match them with appropriate education and job training, and serve as brokers between their clients and community employers. What makes Cleveland Works different, in our opinion, is the unique results. For one, the job retention: three of every four graduates who are placed into gainful employment through Cleveland Works are still employed in those positions more than a full year later. Another is the job quality: Cleveland Works handles only those job openings which are full-time, offer employer-paid family health benefits, and come with an average hourly wage high enough to remove a family from the welfare rolls. (During 1994, placements at entry averaged 39.7 hours per week and \$6.89 per hour, plus family health benefits.) Thirdly, the innovative approach: Cleveland Works recognizes

that self-sufficiency comes from obtaining and sustaining good work habits and that any program designed to positively impact on the lives of welfare recipients must be structured to accommodate the everyday needs of local employers.

To be sure, success does not come easily. It has required of Cleveland Works not only a willingness, but a relentless commitment to supply a wide range of services to benefit our two constituencies: long-term welfare recipients and valued employers. There are many examples of this: in 1987, an on-site Summer Day Camp was begun for the children of the trainees in our full-time employment training program; in 1991, the camp was expanded into a year-round, full-day Child Care Center; in 1989, the Legal Services Department was established to remove legal employment barriers; in 1991, a special 'Beat the Streets' program was initiated for young, unwed, out-of-school parents, ages 16 to 25; a comprehensive, out-patient Health Clinic was opened on-site, in conjunction with the MetroHealth Downtown Center; in 1991, eligibility requirements were expanded to include General Assistance recipients; a customized Nursing Assistant Training Program was established and resulted in more than 250 job placements; in 1993, an EPA- and state-certified Lead and Asbestos Removal Training Program was formed and resulted in more than 125 job placements; in 1993, the offices were relocated into 50,000 square feet of new operating space; and this year, a Pre-Trial Diversion and Alternative Sentencing Project was formally established for adult felony offenders.

To me, it is a mystery how any organization can effectively move large numbers of welfare recipients into full-time work without on-site family support programs, particularly legal services. Yet, we know of no other training organization which offers legal aid, health care, and child care services as such integral components of its services, under one roof and free of charge.

At Cleveland Works, we have been able to expand our programs and achieve these results with a clientele who not only carry the stigma of being on public assistance but also, in a large majority of cases, have severe barriers to employment: a criminal record, the responsibility of caring for several young children, lack of a high school diploma. Based on the past eight years of serving such a population, it is our belief that, after decades and decades of welfare reform, we need to take a broader view; one that looks at the possibility of changing work as well as welfare; one that is guided by an understanding of the barriers that exist which are keeping welfare recipients from self-sufficiency. In its own small way, Cleveland Works is trying to do just that—change welfare, change work, and guide low-income families past impediments. Designed to make a difference on both sides of the labor market, it helps employers while it benefits welfare parents and their children. By training, counseling, and providing other forms of ongoing support to thousands of people who want to work, Cleveland Works is improving the quality of the workforce at the same time it is opening full-time job opportunities (with family health benefits) for the unemployed. This also reduces many of the risks and costs employers incur when hiring new employees.

We do not ask employers to alter their standards for hiring and retaining employees; only that they hire people on their merits and work with us to produce the most they can from the Cleveland Works graduates they hire. There is no way that Cleveland Works could have more than 600 employers hire its graduates, if the graduates themselves are not capable of becoming and remaining excellent employees and assets to the workforce. But successfully taking people off of welfare and successfully keeping people off of welfare are two different things altogether. At Cleveland Works, the difference often times is a long-term commitment that enables placements to call on us for assistance with work-related, life-management, or family problems which threaten job retention. Graduates of the program become part of Cleveland

Works' extended family, because we know not only that gainful employment is far too precious an opportunity to let go of, but also that unexpected problems can arise along the way. In the end, people cannot permanently escape poverty without attorneys and doctors, counselors and advocates, teachers and trainers working for them. Developing and maintaining these essential services is a small investment for the great reward of thousands of families escaping poverty and becoming hard working, productive, taxpaying citizens.

It is the difference between a 30-year-old mother with two children receiving \$6,500 in public assistance per year (comprised of AFDC cash benefits and Food Stamps, but not including Medicaid), and that same mother earning more than \$16,000 per year from working, plus paying back almost \$2,000 in taxes.

How can the impact of such an inclusive organization be measured? Who can truly put a value on the discovery of opportunity? On the restoration of hope? On the change of growing up in a home with working parents, instead of welfare recipients? Cleveland Works is an investment in people that pays off for taxpayers and employers, as well as for program participants themselves. While precise calculations of the total value is impossible, we can surmise that its lasting benefits far exceed its short-term costs. Think of the child development services, which are coupled with a comprehensive adult employment training program in order to give low-income families a true head start. Think of the education and counseling which preserves families, prevents domestic violence, and heads off health problems. Think of the crimes prevented—saving financial and imputed costs, including pain and suffering, to victims. Think of the savings to the criminal justice system—public defender, imprisonment, and law enforcement costs avoided. Think of the creditors who otherwise would not have been paid, but for the annual repayment schedules arranged for clients with outstanding debt. Think of the government savings from the arrangement for the collection of child support, reimbursement of welfare benefit overpayments, and the substance abuse treatment which is provided on-site.

In our rush to create meaningful solutions for poor children, we must not forget their parents. While endorsing Head Start programs, we ought to provide the resources to enable child care to be year-round and last the entire day. Wherever possible, we ought to link parents in our HeadStart centers with on-site job training initiatives. After all, it is important to not just provide our poor three-year-olds with great developmental programming, exploration into music and the arts, language training, and other educational exercises. Following two years of all that learning, the five-year-old should not have to return to the same poverty-stricken environment he came from. We must address the needs of the entire family at once so that welfare recipients and their children can together realize significant change. It may seem easier to start with a new generation than share responsibility for what yesterday's children have become; but doing so would be a gross injustice. In this age of anxiety about the breakdown of the family unit, we are somehow able to forget that most children, even the poorest, live in families—if not with both parents, at least with one. Improving their schools and pre-schools but not their homes and neighborhoods will almost surely prove a poor investment. Children will not have a better chance in life unless their parents are also given a second (sometimes third or fourth) chance to get a job, earn a living, and provide for them.

It is also worth mentioning that as we search for ways to assist AFDC mothers into self-sufficiency, we must not forget their partners, the fathers of their children. Single men need employment opportunities, just as married women do. How else can we expect non-custodial fathers to take responsibility for their children and make regular financial payments? It does little good to emphasize the establishment

of paternity and child support assurances and child support enforcement without emphasizing employment. Yet, very few states have plans to continue General Assistance programs, and public funding to provide employment training services for this population is becoming scarcer and scarcer. The federal government's insistence on a strict interpretation of regulations on private match for FSET and JOBS Pass-Through monies, for instance, has caused major problems for a large number of providers, donors, and counties. More importantly, it has left millions of needy and absent fathers without the income to help raise their children.

Some of the lessons we have learned at Cleveland Works may sound simple, but it is discouraging to see that they get lost when policymakers discuss disadvantaged people. Never have we faced a shortage of applicants seeking a better life. Each new day reaffirms that few people want to be on welfare, unemployed, or poor. Nearly every parent wants to create a better life for themselves and their children. And for eight years at Cleveland Works, we have been convinced that a lot of people who society readily and permanently writes off can rather quickly become reliable, productive, taxpaying citizens and role models for their children. In most cases, all welfare recipients need is customized training, tailored to the needs of area employers, along with encouragement and a meaningful opportunity to create and maintain a better life through gainful employment. The more we ignore the truth that low-income people want to work and only request an equal opportunity to become an excellent employee, the more we will continue to perpetuate an underclass whose stagnation and deprivation will adversely affect us all. How can we honestly deceive ourselves into thinking people can somehow magically rise out of poverty when we know they do not have the most potent weapon—skills and abilities which enable them to apply their education and be paid for their labor?

Forgotten is the truth of Robert Kennedy's simple observation that "welfare is neither the cause nor the remedy." We prefer to attack problems one by one. Right now it is single-headed households and out-of-wedlock children. Whatever problem we look at, however, the same people are afflicted. The reason is plain: they are unemployed, poor, uneducated, and lacking access to quality health care. Without fail, it is when the basic necessities are denied—food, clothing, housing, education, health care—that poverty arrives with its dangerous tentacles, such as crime, violence, abuse, and illness. We can continue fighting illiteracy, drugs, hunger, homelessness, domestic violence and mental illness, but still never succeed until we face the stark reality that employment is the core absolute to a family's ability to successfully control and shape a better, brighter future. Low-income people cannot be convinced or simply counseled into becoming more responsible, secure, honest, trustworthy, law-abiding, and healthy; and certainly, we cannot effectively preach less violence, depression, and alienation—unless welfare recipients, the unemployed, and the underemployed possess the means to earn a decent standard of living.

If society assumes part of the burden, everyone benefits. Workers acquire additional skills and earn better pay. Employers get to choose from a more productive labor pool. The taxpayers' investment is more than repaid in reduced welfare and criminal justice expenditures and increased tax revenue. If we can somehow bring Americans into what I call the "Triangle of Opportunity," with cornerstones around family health, quality education, and gainful employment, many of these so-called problems, like single-headed households and out-of-wedlock births (which I believe are really symptoms), will shrink to manageable proportions. There will be no need for special groups to establish special commissions and come up with special findings. There will be no need to throw billions of dollars toward the research and academic surveys of social problems, when agencies designed to address these problems and provide

essential services to the poor face uncertain futures due to a lack of resources. America is unique among advanced industrial nations in its tolerance of unequal access to services upon which, not only the quality of life but, life itself depends. Only in the United States are large and increasing numbers of citizens forced to choose between either economic independence through work or medical security for themselves and their children through welfare dependence.

To multiply the impact of Cleveland Works, we have become a parent agency to several affiliates in localities throughout the United States. In Columbus and Cincinnati, in Wheeling and Kansas City, in Seattle and Orange County, organizations have modeled themselves after Cleveland Works, and others are in the development stage. We invite the employment development professionals and representatives from other worthwhile organizations to join in a broader, community-wide partnership that will serve greater numbers of people desiring opportunities for healthier, happier, better lives through gainful employment. This is more than either the public or private sector can undertake alone. The need for qualified employees and competitive employers calls for new collaborative ventures between the public and private sectors, along with new redirected human capital investments. Now, if legislators would just begin to assume some of these obligations, the details of the policy would rapidly work themselves out. In the end, it turns into less a question of what to do than when are we going to do it.

Purposefully, my testimony does not critique the latest legislative proposals; instead, my comments center around Cleveland Works because I feel that is the most instructive and helpful thing I can add to the welfare reform debate at the national level. I realize the prescription is easy to write but difficult to fill: decent jobs for decent parents and a sensitive, responsive network of people helping one another. Cleveland Works is hopeful that the 104th Congress will come up with effective reforms for our welfare system and will consider bold, new ways to assist welfare recipients into permanent self-sufficiency. Indeed, we are strengthened as a nation when our policymakers in Washington put programs and policies under the microscope, so to speak. In this way, funds will flow to the agencies which are having the best results, serving a hard-to-place clientele. As always, Cleveland Works looks forward to increasing its ability to meet the socio-economic and employment needs of families in poverty in a sensitive and responsive manner, recognizing that the only thing that truly works is work itself.

Again, thank you for considering my views. I look forward to assisting the Subcommittee in the months to come in any way I am able.

Ms. DUNN. Thank you, Mr. Roth.
We will now hear from Ms. Smith, please.

**STATEMENT OF RUTH MERCEDES SMITH, PRESIDENT,
HIGHLAND COMMUNITY COLLEGE, FREEPORT, ILLINOIS; ON
BEHALF OF THE AMERICAN ASSOCIATION OF COMMUNITY
COLLEGES**

Ms. SMITH. Thank you for the opportunity to testify on behalf of the largest single segment of American postsecondary education sector community colleges. I am president of Highland Community College in Freeport, Illinois, and currently serve as a member of the board of directors of AACC, the American Association of Community Colleges.

I am very pleased to represent the views of my institution and those of AACC on welfare reform. AACC represents over 1,100 public and private degree granting regionally accredited 2-year institutions of postsecondary education. My comments are also endorsed by the American Association of Community College trustees.

As you know, community colleges enroll more than 6 million students in credit programs and an additional 5 million students in courses for lifelong learning. We serve just under half of all Americans first entering college and have the largest collegiate undergraduate populations of women, ethnic minorities and the economically disadvantaged.

I would like to note that AACC has not adopted a formal position on the Personal Responsibility Act in its entirety. However, we are prepared to share our views on certain aspects of the plan.

Community colleges have a strong interest in the provision of educational opportunities for AFDC recipients. We support the work-oriented approach of the Personal Responsibility Act plan. We work in partnership with local social service agencies and the private sector, and we are well equipped to design and deliver programs that enable recipients of public assistance to obtain at least entry level jobs, attainment of jobs that contribute to the development of the local economy and enable individuals to be free of the welfare system, which is the first critical step.

Congress should call upon and support community colleges in implementing programs on a national scale that result in job attainment, no matter what the level of skills held upon entry into education and training programs. No one knows better how to assess individual skills. No one has our track record of providing flexible programs, credit and noncredit certificates that lead to the job through placement and success and, where appropriate, the degree of attainments.

It is important to note that, depending on entry level skill, some individuals may not be able to achieve an associate degree within 2 years. In fact, national research shows that many traditional college students take at least 3 years to complete an associate degree, and 5 for a bachelor's.

AFDC recipients should be permitted sufficient time in postsecondary programs to enable them to complete required developmental courses, as well as program requirements. Ideally, this period should be open ended, as long as the student is making satisfactory progress and moving toward a well-defined education and

career goal. A waiver provision should be available for those students who, on the recommendation of the college, are within one semester of completing a degree when the deadline expires.

On the entry side, welfare recipients should be permitted at least one semester of developmental course work and career development activities to design their employability plan with the assistance of college advisors. The clock should start ticking after this semester.

I would like to share with you just a brief personal story. One of the clients in our local Project Prosper Program is named Bonnie. The program is sponsored by the local township in connection with the college. Bonnie was on welfare with two children. It took her 4 years to complete our nursing program, but she now not only has a job, but she owns a house, a car and, most importantly I suppose to some and many of us, she pays taxes. I know her personally and I rejoice in her progress. There are many other programs listed in our testimony.

I would like to end by saying that the community colleges are eager to continue our work in moving individuals and families into work and toward self-sufficiency. We believe educational opportunity to be the great equalizer in this country, and that education is the primary vehicle for attaining economic independence. Studies have shown that welfare recipients most likely to leave the system are those that have the advantages of education. We must provide them with a realistic opportunity for success. We are working here with you together, and we thank you.

[The prepared statement follows:]

TESTIMONY OF RUTH MERCEDES SMITH
AMERICAN ASSOCIATION OF COMMUNITY COLLEGES

Mr. Chairman and Members of the Subcommittee, Good Afternoon. I would like to thank you for the opportunity to testify on behalf of the largest single segment of American postsecondary education – community colleges. My name is Dr. Ruth Mercedes Smith and I am President of Highland Community College, located in Freeport, Illinois, and currently serve as a member of the Board of Directors of the American Association of Community Colleges (AACC). I am pleased to appear before you today to represent the views of my institution and those of AACC on welfare reform. AACC represents over 1,100 public and private degree-granting, regionally accredited two-year institutions of postsecondary education. My comments are also endorsed by the Association of Community College Trustees.

Before addressing the nation's community colleges and our interest in welfare reform, allow me to speak briefly about my background. I have worked in four different states (Wisconsin, New York, Virginia and Illinois) at four different community colleges. I started the Women's Center at Waukesha County Technical College in 1975. I have worked with hundreds of women through the the Displaced Homemakers Network, now called Women at Work. And I have a masters degree in counseling. Through my experiences, I have observed that community colleges provide a highly cost-effective means of moving welfare recipients toward economic self-sufficiency.

As you know, community colleges enroll more than six million students in credit programs and an additional five million students in courses for lifelong learning. We serve just under half of all Americans first entering college, and have the largest collegiate undergraduate populations of women, ethnic minorities, and the economically disadvantaged.

My statement today is on the issue of welfare reform and work. I'd like to note that AACC has not adopted a formal position on the Personal Responsibility Act in its entirety. However, we are prepared to share our views on certain aspects of the plan.

The Family Support Act of 1988 placed a new emphasis on the training and

education of welfare recipients in order to promote economic independence, thus providing recognition that education is often a prerequisite for stable employment. Community colleges have a strong interest in the provision of educational opportunities for AFDC recipients. We support the "work-oriented" approach of the Personal Responsibility Act.

Community colleges working in partnership with local social service agencies and the private sector are well equipped to design and deliver programs that enable recipients of public assistance to obtain at least entry-level employment. Numerous examples exist that document our ability to assess educational and skill levels, provide career and academic counseling, training and educational programming, and placement of participants in jobs. Attainment of a job that contributes to the development of the local economy and enables an individual to be free of the welfare system is the critical first step.

Congress should call upon and support community colleges in implementing programs on a national scope that result in job attainment no matter what the level of skills held upon entry into education and training programs. Community colleges can be an effective partner in making welfare reform a success because no one knows better how to assess individual skills and provide training, and no one has our track record of providing flexible certificate, credit and non-credit programs that lead to job placement and success, and, where appropriate, degree attainment.

Oftentimes, additional education and training occurs after job attainment to ensure permanent independence from the welfare system and to provide for upward career mobility. It is important to note that depending on entry skill level, some individuals may not be able to achieve an associate degree within two years. In fact, national research shows that many college students, including traditional students who live at home, take at least three years to complete an associate degree and five years to complete a bachelors degree.

AFDC recipients should be permitted sufficient time in postsecondary programs leading to a certificate or associate degree to enable them to complete required developmental courses as well as program requirements. Ideally, this time period should be open-ended as long as the student is making satisfactory academic progress and moving toward a well-defined education and career goal. A waiver provision should be available for those students who, on the recommendation of the college, are within one semester of completing a degree when the deadline expires.

In many cases, welfare recipients do not finish high school or have been out of school for a long time. They are unprepared academically to begin a program leading to a certificate or associate degree. Welfare recipients should be permitted at least one semester of developmental coursework and career development activities at a community college to design their employability plan with the assistance of college advisors and counselors. The clock should start ticking after this semester and the acceptance of an employability plan by the local welfare office. Currently, students fill out these forms at the welfare office prior to enrollment; very often, the plans reflect little understanding of the student's abilities or of college requirements.

Allow me to tell you about one of our local welfare-to-work programs connected with my college. Project Prosper was developed for individuals who are economically disadvantaged, first-generation college attendees or physically/learning disabled. The project provides assessment, training, education, and counseling through community partnerships. A key component of the program is a mentor relationship between the Project Prosper participant and an individual from the local community. The mentor functions as both a role model and friend for the participant.

Bonnie Leif, an alumna of the Project Prosper program, took four years to complete her nursing degree at Highland Community College. Yet, she knew she had made it the day she called the welfare office and told them to close her file. Bonnie is a single mother of two who had been struggling to go back to school, work, and find a better life. It wasn't easy. She had to pay rent, child care, and feed and clothe her family. When she started

earning money of her own, her welfare benefits were threatened and the resulting financial crunch was intolerable – she would have been better off if she waited for her welfare check. Project Prosper provided Bonnie with gas money so she could get to her clinical assignments – 30-40 miles away from this rural community – child care, and help with buying uniforms. Most importantly, the program matched her with a mentor to help her out when the going got tough – and she made it. Bonnie was recently chosen by the Illinois Community College Board as an outstanding Community College Alumnus of the Year. She is working full-time at a local hospital, has purchased a house, a car, and is paying taxes!

From May 1, 1992 to April 30, 1993, Project Prosper has saved the welfare system \$87,708 in benefits that would otherwise have been paid to participants. During the same period, Project Prosper participants like Bonnie earned \$121,663 that went toward supporting the local economy. This year, between money saved in welfare payments and employment earnings, the program is projecting returns of over \$600,000.

There are thousands of stories like Bonnie's at community colleges around the country. You have even heard testimony from a few of our students in recent weeks. Additional welfare-to-work programs at community colleges include the following:

Valencia Community College, FL – The Valencia Independence Program is a joint project of Valencia Community College and the Florida Department of Labor and Employment Services. The project provides specialized educational and support services to enable AFDC recipients to successfully pursue college education and to develop the job-related skills that will enable them to secure and hold jobs. The program enrolls 20-35 individuals a year. Participants are assessed on academic skills and vocational interest. Valencia provides tutoring, mentoring services and counseling as well as any instruction or training. Fifty percent of the program participants are achieving grade point averages of 3.0 or higher. The first completers of the program are moving into jobs such as radiologic technicians earning approximately \$30,000 per year.

City University of New York, NY – At least 16,000 AFDC recipients or children of recipients are currently enrolled at CUNY. Most of these students are new immigrants, African-Americans and Latinas. Family College at Kingsborough Community College, NY, enables parents who are welfare recipients to earn an associate degree while their children attend an elementary school on the Kingsborough campus. Currently over 100 parents and children are being served by the program.

Eastern Iowa Community College District, IA – The Promise JOBS program at Eastern Iowa Community College District was initiated in 1989 to promote a smooth transition from dependency to self-sufficiency through training and employment assistance. Iowa's Promise JOBS program has the highest statewide percentage of cases with earnings in the country – 43 percent. Only one year ago 17 percent of the cases had earnings.

Ohio JOBS Student Retention Program

The Ohio JOBS Student Retention Program (JSRP) is a statewide community college welfare-to-work initiative developed through a cooperative agreement between the Ohio Board of Regents and the Ohio Department of Human Services. The program is operated on 32 of the state's community college campuses and is managed on a fiscal and programmatic basis by Columbus State Community College. During 1994, more than 6,290 JOBS students received initial, on-going and individualized services to identify and overcome barriers to academic success and future success in the workplace. The JSRP students received four consecutive quarters of service at an average cost of \$1,558.

Oregon JOBS Program

In Oregon 50 percent of the JOBS services delivered throughout the state are offered by community colleges as the prime contractor. The remaining 50 percent are offered by the Private Industry Councils as the prime contractor. In instances where the community college is not a prime contractor they are usually a service provider. Nine community colleges

served a total of 16,361 JOBS participants between July 1, 1993 and June 30, 1994 (an average of 1,818 per college). Ninety percent of the services offered by those institutions were non-credit in nature. Services ranged from life and employability skills to short-term non-credit training (less than one year). Approximately 10 percent of the students received credit-based training services that were longer than twelve months in duration. In Oregon over 1,200 JOBS recipients per month are placed into competitive employment, with a recidivism rate of less than 20 percent after 18 months on the job.

Illinois Community College System

The Opportunities Program was initiated in 1991 and is administered by the Illinois Community College Board in coordination with the Illinois Department of Public Aid. The program serves approximately 4,600 students per month in 10 community colleges around the state. By housing the Opportunities Program at the local community colleges, participants are offered, in a one-stop-shop setting, every type of service and resource they may need to complete an education and training program. The majority of Opportunities students are enrolled in occupational associate degree and certificate programs that are specifically designed to lead directly to employment upon completion. The most popular majors chosen by these students are nursing, computer technology and business.

Mr. Chairman, the nation's community colleges are eager to continue our work in moving individuals and families into work and toward self-sufficiency. We believe educational opportunity to be the great equalizer in this country, and that education is the primary vehicle for attaining economic independence. Studies have shown that the welfare recipients most likely to leave the system are those that have the advantages of an education. Yet, we must provide them with a realistic opportunity for success.

We appreciate this opportunity to share our views with you today, and stand ready to work with you and members of this subcommittee in the future. I will be pleased to answer any questions you may have.

Ms. DUNN. Thank you, Ms. Smith.

Let me remind the panel that that yellow light that you see in the middle is about a 30- or 40-second light, and the red light is the end of your 5-minute presentation. We are not trying to cut any of you off, because your testimony is most important and helpful to us. But because we have over 70 witnesses today, we are trying to stick to the 5 minutes. I appreciate Ms. Smith and Mr. Roth and others for understanding that.

Let us move along then to Ms. McFate. Excuse me, Ms. Ripley would like to go next.

**STATEMENT OF DENISE RIPLEY, MEMBER, PHILADELPHIA
UNEMPLOYMENT PROJECT, PHILADELPHIA, PENNSYLVANIA**

Ms. RIPLEY. My name is Denise Ripley. I am a member of the Philadelphia Unemployment Project. I thank you for giving me the opportunity to speak.

I am an unemployed single mother with one child. I am a high school graduate who has worked all my life. I have no marketable job skills, but I am a hard worker. Like many people in Philadelphia, I am willing to work. But with the unemployment rate at 8 percent and no marketable skills, thousands of us are in competition for the same jobs. Also, without any marketable job skills, it is hard to get placement at any given time. I am not lazy. I enjoy working. It gives me a feeling of dignity and a sense of self-sufficiency earning my own money. However, it is very scary knowing that your job is always in jeopardy.

I have been employed as a schoolworker, a waitress, a salesperson, a handler at a uniform company, and I worked as a dietary worker in a nursing home. With all these jobs, I found myself constantly on and off unemployment rolls. Several times I was forced to go on welfare before I could find another job. From 1986 through 1991, I worked with no benefits at the U.S. Post Office as a full-time seasonal worker. This provided me with the income for at least 9 months of the year.

In 1991, when I was laid off from the post office, I was able to find a full-time job with benefits as a housekeeper at the Holiday Inn. I was terminated from this position in 1993 because my boss said I did not make a bed properly. Although this allegation was not true, like many unskilled workers, I found myself subjected to these kinds of accusations with no recourse, because we can be replaced so easily. Once again, I started collecting unemployment benefits while looking for a job. However, once again I was unable to find work before my unemployment ran out. I had no alternative but to go to welfare.

Like millions of other Americans, I do not see welfare as something long term. It is a safety net to our finding employment. This assistance allows us shelter, food and to care for ourselves and our children until we find work.

There are still 7.1 million people officially unemployed in this Nation in what are supposed to be good times. This does not include the number of unemployed people like myself on welfare. There are not enough jobs for the number of people unemployed.

After years of struggling, I am trying to better myself by going back to school. I just completed a basic education course and will

be taking business courses so that I can fulfill my lifelong dream of running my own catering business. Having my own business will make me in more control of my life. In all these jobs that I have had, they did not offer me any stability. I am hoping that a catering business will, and then all of my life experience will pay off in a successful business.

What if my business dreams do not work? I will already have used up the 5 years of welfare that some of you think is enough for a lifetime. My son and I will have to live somehow. What would you suggest we do? I am 37 years old and I have 25 years until I am eligible for Social Security. The chances of me working non-stop for 25 years is very remote.

You just do not understand the realities of what so many of us have to face every day. If you did, I am sure you would not even consider these cuts. Instead of cutting my only means of survival when I am unemployed, you should be trying to find ways of helping me become employed by creating more jobs. I am not lazy. I want to work, but I need a job. There are a lot of other people in the same situation that I am in. That is why I am here speaking on it. Our neighborhoods need to be built up more, and they have to be more educated about what is going on.

I think if you gave people a chance to get more education, there would not be so many people staying on welfare. There should be some way you could motivate people to educate themselves, because through education they would be able to know the things that they need and it would not fall on welfare the way the system is.

Thank you.

Ms. DUNN. Thank you very much, Ms. Ripley. I am sorry, the name confusion was our fault, and we apologize. You were a good person to step in before you were listed on the agenda.

Now we will start with Ms. McFate.

STATEMENT OF KATHERINE McFATE, ASSOCIATE DIRECTOR OF RESEARCH FOR SOCIAL POLICY, JOINT CENTER FOR POLITICAL AND ECONOMIC STUDIES

Ms. McFATE. Thank you for giving me the opportunity to speak today.

I am Katherine McFate, associate director for social policy of the Joint Center for Political and Economic Studies, a national research and policy institute dedicated to studying issues of concern to African-Americans.

I would like to talk about real welfare reform. Real welfare reform would focus on protecting children and finding work for their parents. Real welfare reform would increase the likelihood that all American children grow up healthy and secure. Real welfare reform would encourage, assist and reward the parents of poor children who move into the paid work force.

Unfortunately, the Contract With America does not do any of these things. So I am going to spend the short time that I have talking about the potentially very negative impact that the Contract's proposals will have on African-Americans in this country.

The majority of AFDC recipients in the United States are not black, but the groups targeted by the Contract's welfare reform

proposals are disproportionately black. The Contract targets three groups of current welfare recipients for exclusion, the children of unmarried teenage mothers, the children of unmarried mothers regardless of their age for whom paternity has not been established, and families who have accumulated 5 years of AFDC support.

About half of black AFDC mothers have never married, compared to 31 percent of whites and 14 percent of Hispanics. The Contract disqualifies the children of unmarried teen mothers from ever receiving income assistance, apparently under the assumption that this will make their mothers marry. But we have to recognize that women do not always have that option, and this is particularly the case for black women.

Contraceptives do fail and mothers cannot always marry the fathers of their children. Some people do not believe in abortion. The Contract punishes the children, disproportionately black children, for the circumstances of their birth, circumstances over which they have no control.

Second, cutting off families who have been on AFDC for more than 5 years, although only 15 percent of white women and about a third of black women spend 5 or more years on welfare, a majority of continuous long-term users are black. The average length of time black families spend on welfare is 8 years. Thus, because black Americans are on the roll longer, they are more likely to be assigned to workfare programs that the Contract would establish and to hit the 5-year time limit and be pushed off assistance.

I urge you to think very carefully about the ratio dynamics of the workfare system you want to create. Widespread workfare will create a subtler of laborers who are not subject to the normal rules of the labor market and are working somewhat involuntarily at less than minimum wage. I would remind you also that the States with the highest percentage of black AFDC recipients are in the South. Over 60 percent of all AFDC families in 8 southern States are black. Five of these States are among the seven States with the lowest benefits. Texas and Tennessee are the other two.

Working 35 hours a week in return for your AFDC benefits in these States would mean an individual would be working for 86 cents an hour in Mississippi, \$1.17 an hour in Alabama, \$1.31 an hour in Texas, and \$1.32 an hour in Tennessee. Do you really want to establish a work system that pays far less than minimum wage and that will be filled with minorities? How does this empower the poor or provide them with hope?

Because black families are more likely to be in this system longer, they are also more likely to hit the limit and be pushed off. Remember that long-term AFDC recipients are the least experienced, the least educated part of the welfare population, and they have very low basic skills. Hence, they are going to be very unattractive to private employers. If a 5-year time limit had been put in place 5 years ago, about 54 percent of the current black AFDC families would have exhausted their eligibility for support.

Third, I want to make a point about block grant proposals. I would humbly remind the Members that black people were deliberately excluded from New Deal social insurance programs for many years. It was not until the fifties and the sixties, when the

civil rights movement started to begin to break down barriers, that poor African-American families were able to obtain access to AFDC.

Let us remember that the Federal Government became involved in public assistance, took a larger role in setting national standards because many States, particularly those in the South, exhibited dismaying intolerance for malnourished children and destitute families, especially if those families were black.

I know I am running out of time, but I do want to point out that over half of all African-Americans today live in the South and southern States have the lowest benefit levels, the highest poverty rates, and the lowest median income levels. In short, local need will be greatest where the local resources to meet those needs are lowest. The economic conditions in southern States will make it very difficult for them to maintain even the meager assistance levels available under capped Federal entitlements or block grants.

If the national safety net is sacrificed for the quality of State flexibility, we can expect to see regional and racial inequalities increase and the progress made toward equal opportunity will be lost.

Thank you.

[The prepared statement follows:]

**Testimony of Katherine McFate
Associate Director of Research for Social Policy
The Joint Center for Political and Economic Studies**

Subcommittee on Human Resources
House Ways and Means Committee
February 2, 1995

Mr. Chairman, Members of the Subcommittee, thank you for giving me the opportunity to speak today. I am Katherine McFate, Associate Director for Social Policy, at the Joint Center for Political and Economic Studies, a national research and policy institute dedicated to studying issues of concern to African-Americans. Since 17 percent of black families and 37 percent of black children receive some income support from Aid to Families with Dependent Children (AFDC), it is obviously an issue of great concern to us.

I would like to talk about the principles of real welfare reform. Real welfare reform would focus on protecting children and finding work for their parents. Real welfare reform would increase the likelihood that all American children grow up healthy and secure. Real welfare reform would encourage, assist, and reward the parents of poor children who move into the paid workforce, but not punish poor families when the private sector fails to produce jobs or private employers choose to hire others.

I would like to take these few moments to review the problems that the Contract's welfare reform plan seems designed to address, outline alternative ways to deal with these problems, and then warn you about the extremely negative impact that the Contract's proposed reforms could on African-Americans.

1. Apparent targets of the Contract's reform plan.

a. High rates of teenaged childbearing.

There is broad consensus that the U.S. teenaged birthrate is unacceptably high. While other industrialized countries have also seen an increase in the proportion of sexually active teenagers, no other industrialized country has a teen birth rate as high as ours or an abortion rate as high as ours. In other words, in other countries, sexually active young people are better about using contraception.

Mr. Chairman, even the witnesses that you chose for earlier hearings testified that they did not believe that making the *children* of unmarried teen mother ineligible for support would reduce teen childbearing or have much impact on out-of-wedlock childbearing. Since the vast majority of teenage pregnancies are unintended, cutting off economic support to poor teens is unlikely to reduce the sexual behavior of these youngsters. However, it might make them more likely to abort -- an outcome that many conservatives might view with some ambivalence.

If the goal of welfare reform is to encourage more responsible reproductive decisions among young people, I would argue that we need to focus more attention on the young men who are involved in sexual liaisons with teenaged girls. The partners of teenaged mothers, particularly young teens, are often men in their twenties. Since they are older, we should expect them to take more responsibility for their behavior, for contraception, and for the care of a child who may result from their actions.

Making a very strict and automatic system of child support collection the core of income support for lone mothers would do more to foster responsible contraception than approaches that punish children for the circumstances of their birth. If you believe that economic incentives affect decision-making, isn't knowing that you will face 18 years of monthly child support payments (which will increase with your income) a serious incentive to take responsibility for contraception? Replacing AFDC cash payments with a Child Support Assurance system would not only hold *men* accountable for their actions, it would reduce the work disincentives in the current system, since mothers would keep the support payment even if they worked.

b. Unfit mothers.

Much of recent rhetoric around the welfare issue seems to suggest that a high proportion of mothers on AFDC are inadequate parents. In fact, the Child Welfare League reports that child abuse or neglect charges have been brought against less than 4 percent of all AFDC mothers. If the Sub-committee believes that much more abuse and/or neglect is occurring, then the appropriate target for reform is state child protective agencies, since they are supposed to ensure that children live in safe environments. We do have systems that are supposed to identify unfit parents. If you believe they are not working, reform *them*.

The research does show that children who grow up in poor, lone-parent households in homogeneously poor neighborhoods are at much greater risk of school failure, early pregnancies, and delinquency than children who grow up in economically secure, two-parent households in higher income neighborhoods. But the research also tells us that there are worse ways for children to grow up. Being institutionalized at an early age or trapped in the foster care system and shunted from placement to placement creates children who cannot bond, who have much *higher* rates of school failure, substance abuse, criminal activity, and psychological problems. The graduates of foster care and institutions fill our homeless shelters and prisons. We *can* create worse environments for children; breaking up families and institutionalizing children *will make things worse*.

c. High rates of dependency/non-work among AFDC recipients.

Contrary to popular perception and the apparent assumptions of the Contract's reform measures, there are several patterns of AFDC use. Welfare recipients may use AFDC:

- o Emergency assistance.

Some individuals use the system for a short time (typically less than two years) after some crisis -- desertion, an unplanned pregnancy, etc. They then marry or work their way off welfare and continue to have other support. They tend to have higher skills and more work experience than the other three groups. They have families that have resources, too. This group probably represents 18 to 20 percent of all AFDC users.

- o Unemployment assistance.

Although about 70 percent of AFDC users leave AFDC within two years, a majority come back onto the system at some point in time. (In 1992, about 42 percent of new applicants had been on AFDC some time before.) These women typically "work their way off" AFDC in relatively low-wage jobs, often with extra support (child support, child care help) from friends and/or relatives. They come back to the system when they lose their job, when a child is sick and needs access to healthcare, or when child care arrangements fall through. In other words, they cycle on and off of AFDC, using it as a kind of unemployment insurance system. (Most don't qualify for regular unemployment insurance.) Recent research by the Institute for Women's Policy Research suggests that about 45 percent of people who ever use AFDC seem to fall into this category.

- o Earnings supplement.

In 1992, about 11 percent of AFDC households reported receiving some earned income. The average earnings received (\$462 a month) represent about 21 hours a week of work at the minimum wage. These families rely on AFDC even though they are working because their incomes are so low. It is better for the tax payer to have an AFDC mother work part-time because AFDC costs are reduced as earnings increase. Nonetheless, since they remain eligible for AFDC even while working, they are still be considered "long-term dependent." African-American women are overrepresented among this group.

- o Long-term income support.

About a quarter of all AFDC users stay on AFDC continuously for long periods and do not work. The women in this group typically have their first child as a teenager, are unlikely to have a high school diploma or work experience, and have very low basic skills. They are disproportionately minority.

The welfare reforms currently being discussed seem to assume that all AFDC recipients fall into the first or last groups. There is little recognition of the large proportion of women move in and out of low wage work or work part-time and don't earn enough to support their

families without direct assistance. Recognizing these issues logically leads to reform options that support work rather than reforms that punish those without jobs.

A major issue in the welfare debate should be the quality of jobs at the low end of the labor market. Not only are many jobs low wage, part-time and temporary, they typically do not offer benefits like healthcare. To keep poor parents more permanently attached to the labor market, we should upgrade wages and subsidize childcare and healthcare for the working poor to make work pay. While the Earned Income Tax Credit helped move in this direction, an increase in the minimum wage would do even more to help lift the 2.8 million adults earning minimum wage out of poverty. These are not reforms of AFDC per se, but reforms that would *prevent or reduce the need for AFDC*.

AFDC parents who are already working would probably work more if the earnings and assets rules were changed. Some states have moved in this direction already. Lone mothers who work would benefit from the establishment of a Child Support Assurance system that guaranteed them child support payments of \$250 each month. This would provide a better supplement for work because it wouldn't be reduced as earnings increased. If minimum wage were increased to \$5.00 an hour, a mother working half-time at minimum wage with a \$250 a month child support assurance would take home \$650 a month much more than the average grant. In fact, CBO estimates that a Child Support enforcement system that paid \$250 for the first child and increments for other children would cost only \$4.7 billion (and with better enforcement, this number could decrease to \$2.1 billion). This is a quarter of total cost of AFDC.

The welfare reform proposed in the Contract does nothing to make work pay or to create positive routes off welfare. Rather, it simply assumes that the problem with the long-term dependent is that they aren't trying to find work and it assumes jobs are there for those who look. Recent research suggests this is not the case.

As noted above, long-term non-working AFDC users are the least experienced and least educated part of the welfare population. Hence, they are the least attractive to private employers. Professor Harry Holzer, an economist at Michigan State University, has recently completed a survey of 3000 private employers in several large metropolitan areas. He found that for 95 percent of recently-filled entry level jobs that did not require a college degree employers still required a high school diploma, specific work experience, references, or formal training. They also required a high level of basic skills competency. Furthermore, employers reported that it was not hard to fill their openings with *current* job-seekers. The employers surveyed were not eager to hire minority Americans; in fact, Holzer found many employers "show a preference for immigrants or for Asian/Latin American minorities in general, believing they can pay them low wages (perhaps below the legal minimum) while expecting good work performance and compliant behavior in return." Professor Holzer concluded that long-term welfare recipients in central cities will have a very difficult time obtaining even low-wage employment in the private labor market.

If the goal of welfare reform is to get the parents of children who receive income support from welfare into paid work, then the public sector will have to be the employer of last resort. If individuals are simply cut off the rolls at the end of five years, or two years, it is very unlikely that they will not be absorbed in the private sector. The result will be more hunger, homelessness, and crime. The quality of life for all Americans will be diminished.

2. The Contract's Impact on African-Americans.

The majority of AFDC recipients in the United States are *not* black, but the groups targeted in the Contract's welfare reform proposal are disproportionately African-American. Currently, 1.8 million of AFDC's 4.9 million families are black, and 3.6 million of the 9.6 million children receiving support from AFDC are black.¹ The Contract targets three groups of current recipients for exclusion: the children of unmarried, teenaged mothers; the children of unmarried mothers (regardless of age) for whom paternity has not been legally established; and families who have accumulated five years of AFDC support.

a. *Children born out-of-wedlock.*

Black children are much more likely to reside in a household headed by a never-married mother than white or Hispanic mothers. About half of black AFDC mothers have never married (compared to 31 percent of whites and 14 percent of Hispanics). The Contract punishes the children born to unmarried mothers, apparently under the assumption that mothers always have the option to marry the fathers of their children if they choose to do so. This is clearly *not* the case. And it is particularly not the case for black women.

First of all, black women of child-bearing age significantly outnumber black males of the same age group: there are 135,000 *fewer* black males than females between the ages of 15 and 44. (Among whites, males outnumber females.) Second, the black men who are available are twice as likely to be unemployed as white men, and the 1992 CPS reported that 55 percent of employed black males had an income of less than \$15,000 a year (compared to 35 percent of white males). Moreover, over 400,000 black men are incarcerated.

Contraceptives fail. Mothers can't always marry the fathers of their children. The Contract punishes black children for the circumstances of their birth, circumstances beyond their control.

¹A third of all black families in the United States today are poor, compared to only 11 percent of white families. Over 5 percent of all Americans now receive AFDC; about 17 percent of all black Americans do. About 14 percent of all American children receive support from AFDC; about 37 percent of all black children rely on AFDC for assistance. Since blacks are three times as likely to be poor as whites, it is hardly surprising that they are overrepresented on the welfare rolls.

b. Families who rely on AFDC for more than five years.

Only a minority of all AFDC users (15 percent of white women and about a third of black women) spend five or more years on welfare, but a majority of continuous long-term users are black. The average length of time black families spend on welfare is eight years. African-Americans are more likely to be on welfare for long periods because they are less likely to "marry off" of AFDC, because they are inadequately educated, and because they are likely to be stuck in low wage, temporary work. Because black Americans are on the rolls longer, they will be more likely to be assigned to the workfare programs the Contract would establish and more likely to hit the five year time limit and be pushed off assistance.

As the work requirements in the Contract phase in, long-term AFDC recipients are likely to be assigned to workfare programs. I urge you to think very carefully about the racial dynamics of the system you will be creating. Widespread workfare will create a sub-tier of laborers who are not subject to the normal rules of the labor market and are working involuntarily for sub-minimum wages. I would remind you that the States with the highest proportion of black AFDC recipients are in the South. Over 60 percent of all AFDC families in eight southern states (Alabama, Arkansas, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Virginia) are black. Five of these states (Mississippi, Alabama, Louisiana, South Carolina, Arkansas) are among the seven states with the lowest benefits (Texas and Tennessee are the other two). Working 35 hours a week in return for their AFDC benefits, would mean an individual would be working for \$.86 an hour in Mississippi, \$1.17 an hour in Alabama; \$1.31 an hour in Texas; \$1.32 an hour in Tennessee. *Do you mean to establish a work system that pays far less than the minimum wage and that will be filled with minorities?* How does this empower the poor or provide hope or opportunity?

Black families will also be overrepresented among those pushed off AFDC. If a five year time limit on AFDC had been put in place five years ago, about 54 percent of current black AFDC families would have exhausted their eligibility for support. So black families are the ones most likely to be forced off the rolls with no job at the end of five years. These are the families that will end up in homeless shelters. African-Americans already represent over half of all families in homeless shelters. Have you considered the impact that a large increase in the number of families entering the shelter system would have on urban areas and on poor communities?

c. Block grants, States' rights and African-Americans

This leads me to a final set of concerns about the Contract's welfare reform proposals to allow/encourage States make AFDC and nutrition programs into block grants.

I would humbly remind the Members that black men and women were deliberated excluded from New Deal social insurance programs for decades. Southern state legislators fought hard to have agricultural and domestic laborers made ineligible for public assistance.

And even when these rules changed, the informal practices of social workers in the South kept black families from receiving the same benefits as other families. It was not until the late 1950s and early 1960s -- as the Civil Rights movement broke down the barriers of legal segregation -- that poor African-American families were able to obtain access to the AFDC system. numbers.

Skeptics might ask if calls for "state flexibility" are another way of arguing for "State's Rights," which in the recent history of this nation has been a coded way of saying "we should be able to treat our black folks/poor folks any way we want." Let us remember that the federal government became involved in public assistance programs because many states, particularly those in the South, exhibited a dismayingly tolerance for malnourished poor children and family destitution. In 1959, two-thirds of black children in the United States were poor. (And, at that time, over two thirds of black families were headed by two-parents.)

Over half of all African-Americans still live in the South today. As noted above, southern states tend to have the lowest benefits levels, the highest poverty rates and the lowest median income levels of any region in the country. The need is greatest where the capacity of local government to raise (tax) resources to meet the need is lowest. Even if Southern legislatures overcome the discrimination and exclusionary bias imbedded in the region's history, the economics of block grants will make it difficult for southern states to maintain the meager assistance available to a predominantly minority AFDC population. If the Contract's funding caps and block grant provisions are put in place, AFDC funding has to compete with childcare and housing programs. And states will have to find resources to maintain basic nutritional programs. It is instructive to note that when benefits are fully funded by the federal government (Food Stamps and the federal SSI program), the value of benefits has not eroded. In programs like AFDC, where states set benefit levels, the value of benefits has fallen dramatically over the past 20 years. If states are allowed more control over nutrition programs, their value is likely to fall, too. It is because of these regional inequalities that it is critically important to maintain the federal role.

African-Americans have made enormous advances over the past 35 years. Sometimes this is forgotten in the push for real equality. High school graduation rates are only slightly below those of whites. Child nutrition and health indicators have improved dramatically. In large part, these gains in child well-being measures were made because the federal government was willing to intervene and take responsibility for creating a national safety net for poor children -- regardless of color. If this national safety net is sacrificed to the call for state flexibility, we can expect to see regional and racial inequalities increase and the promise of equal opportunity will be lost.

Ms. DUNN. Thank you very much, Ms. McFate.
We will finish up with Ms. Pérez.

**STATEMENT OF SONIA M. PEREZ, DIRECTOR, POVERTY
PROJECT, NATIONAL COUNCIL OF LA RAZA**

Ms. PÉREZ. Thank you.

My name is Sonia Pérez, and I am director of the Poverty Project at the National Council of La Raza, and I am here to talk about real welfare reform.

Real welfare reform is about reducing poverty, gaining skills and jobs and protecting children. On behalf of NCLR, we appreciate the opportunity to present our views.

Latinos are projected to become the Nation's largest minority group in the next 20 years. As a group, Latinos, the majority of whom are U.S.-born, are diverse and face significant socioeconomic problems. In 1993, almost one-third lived below the poverty level.

But one of the most troubling aspects of the welfare reform debate is that it has been separated from the larger issue of poverty and has rarely included the factors that lead poor and/or unemployed families to use AFDC. In 1993, 41 percent of all Latino children and 61 percent of female-headed families were poor, due in part to low education levels, insufficient job skills, not enough work experience, poor employment options, employment discrimination, lack of child support, shortage of child care and AFDC regulations that do not reward work.

We recognize that the current system has not been effective at addressing these issues, and we agree that AFDC should be transitional, that adults who are able should work, and that children should be protected. But we are opposed to converting the AFDC Program into a block grant. Without the ability to increase funding in times of recession, we are afraid that many children and families who need short-term assistance will be turned away.

We are also opposed to irrational reductions in all social programs for the poor and the working poor. We do not consider all programs for low-income families to be welfare, and we believe that the Federal Government has both an interest and a responsibility in reducing poverty in the Nation. Clearly successful programs such as school lunch, WIC and food stamps should not be cut.

We vigorously oppose proposals to deny benefits to legal immigrants. Such immigrants enter the country legally, they pay taxes and they are required to serve in the Armed Forces during times of war. They come to reunite with family members who are American citizens and to work, not to collect benefits. It is unclear to us how such a proposal relates to reforming the welfare system.

Moreover, we are extremely disappointed that in the list of witnesses to appear before you, the experiences of low-income families, as well as the perspectives of Latino AFDC recipients, have been marginal. We believe it is critical that the Committee have a full understanding of what works and what does not work for poor families from the perspectives of the participants themselves. Similarly, the Committee should seek the expertise of Latino community-based organizations who serve poor children and families directly.

Finally, we believe that changes to AFDC should reflect lessons learned from previous reform efforts. A recent analysis that we completed of the JOBS Program, for example, suggests that we should focus on equity to ensure that Hispanics are well represented in job training, access so that AFDC participants are not treated differently from other unemployed and dislocated workers, types of training to ensure that educational or skill training is appropriate and useful, and placement. We think you all agree that emphasis should not only be on immediate job placement, but on helping recipients move into and keep permanent stable jobs.

I would like to close by stressing that we share your concerns. We are eager to support policies that redesign, not eliminate, features of AFDC which are not effective. We strongly urge that jobs and not simply work should be central to welfare reform efforts. And we ask that, as you question the desire of recipients to work, you also examine the role of employers who are reluctant to hire AFDC recipients or who hire workers part time solely to avoid providing benefits.

Finally, we hope that your goal in welfare reform will be to reduce poverty and to insure basic economic protections from State to State, and not punish children, families or immigrants.

Thank you.

[The prepared statement follows:]

**TESTIMONY OF SONIA M. PÉREZ
NATIONAL COUNCIL OF LA RAZA**

I. INTRODUCTION

Mr. Chairman and members of the Committee, my name is Sonia Pérez and I am the Director of the Poverty Project at the National Council of La Raza (NCLR).

NCLR is the largest, constituency-based, national Hispanic organization and exists to improve life opportunities for the more than 22 million Americans of Hispanic descent. NCLR also acts as an umbrella organization for more than 180 affiliated Hispanic community-based organizations which together serve 37 states, Puerto Rico, and the District of Columbia, and reach more than two million Hispanics annually through a range of services. NCLR's Poverty Project works to improve the socioeconomic status of Hispanic families and children through research, community-based activities, and public information efforts.

On behalf of NCLR, I wish to express our appreciation to the Committee for the opportunity to submit our views and concerns on the impact of proposed welfare reform efforts on the Hispanic community. My testimony provides an overview of the U.S. Hispanic population with an emphasis on Latino poverty; a review of the key issues that concern Hispanics regarding welfare reform; a discussion of components for effective welfare reform; and conclusions and recommendations for current welfare efforts. As a point of clarification, the terms *Hispanic* and *Latino* are used interchangeably throughout this testimony. I would also like to clarify that I am defining "welfare" as one program: Aid to Families with Dependent Children (AFDC).

II. DEMOGRAPHIC OVERVIEW AND CURRENT SOCIOECONOMIC STATUS

Data from the 1990 Census show that Hispanics constitute the second largest minority group in the U.S.; currently, about one in 11 Americans is Hispanic (9.0%). Hispanics are more than one-third of the U.S. minority population (36%) and, as one of the fastest-growing and youngest population groups, are projected to become the nation's largest minority in the next 20 years. About two-thirds of Hispanics (64.2%) were born in the U.S. and Hispanics, as a group, are overwhelmingly concentrated in urban centers of the U.S. Their demographic status reflects a diverse population with a strong connection to the workforce, but significant socioeconomic problems.

The Hispanic population includes four major groups: Mexican Americans, the largest subgroup; Puerto Ricans; Cubans; and Central and South Americans. Hispanics live in every part of the U.S., but are heavily concentrated in five key states: California, Texas, New York, Florida, and Illinois.

According to the Census Bureau, Hispanics are younger, on average, than other Americans and are more likely to live in households with other family members. Following the trend typical of all groups over the past decade, a growing number of Hispanic children live with only one parent; in most cases, these families are headed by women. Census data from 1993 indicate that 23.3% of all Hispanic families were headed by women, compared to 13.6% of White and 46.7% of Black women.

The socioeconomic status of Hispanic families can be explained, in part, by three factors: undereducation, concentration in low-wage jobs, and high unemployment. As a group, Hispanics are more likely to enter school later and leave school earlier; in addition, Hispanics are especially likely to not complete high school and not enter or complete college. Despite comparatively lower levels of formal education, Hispanic men have the highest labor force participation rate of any major racial/ethnic group. The labor force participation rate of Hispanic women is slightly less than that of White or Black women, although it has been increasing in recent years. Yet, both Hispanic males and females are most often employed in low-paying jobs with limited opportunities for advancement and few benefits; for example, of all groups, Hispanics are the least likely to have any form of health insurance. In addition, Hispanic unemployment rates have been consistently high over the past decade; current data

show that 9.2% of Hispanic workers are unemployed, compared to 4.8% of Whites and 9.8% of Blacks. The combination of these factors fuels the low median income and high poverty rate of Hispanic families.

III. HISPANIC POVERTY: A CRITICAL LINK TO WELFARE

One of the most troubling aspects of the welfare reform debate that began over a year ago is that it has been separated from the larger issue of poverty. Instead, the focus has been on the amount of federal funding spent on AFDC and on the behavior of poor women, and has rarely included the factors that lead poor and/or unemployed families to use AFDC. Nor has enough attention been focused on the majority of AFDC recipients -- poor children.

Latino families have been disproportionately affected by poverty. Almost one in three Hispanics (30.6%) are poor -- a rate which has increased steadily since 1980, up from 25.7%. Research and data reveal that, within the Hispanic population, the major groups affected by poverty include the working poor, female-headed households, Puerto Ricans, and children. Of all family types, Hispanic single-mother families are especially likely to live below the poverty line; in 1993, 60.5% of these families were poor.

The proportion of single-parent, especially single-mother, Hispanic families has increased over the past decade, reflecting a trend among all racial/ethnic groups. In addition to divorced and widowed women heading households, Census data show that about 27% of births to Hispanic women in 1992 were out-of-wedlock, up from 16% in 1982. NCLR is deeply concerned about the increase in single-parent Latino families. We know that families that are headed by one parent face greater social stresses and more economic difficulties than two-parent families.

In particular, family structure is a strong predictor of child poverty. Because single-parent families have high poverty rates, children in such families are likely to grow up in extreme and persistent poverty. Among all Latino children, two in five (40.9%) live below the federal poverty level. For those Latino children in female-headed families, more than one-half to three-quarters are poor. Further, for every two Latinos in poverty, one is a child.

Several factors contribute to the poverty of Latinas and their children. Research on and discussions with Hispanic single mothers show that these factors include:

- Low educational attainment and insufficient skills, including limited English proficiency;
- Limited employment experience;
- Restricted employment options, including high unemployment, and part-time or low-paying jobs that lack important benefits, like health insurance;
- Labor market discrimination on the basis of both national origin and gender;
- Lack of child support from non-custodial fathers;
- Shortage of child care options, which impedes full-time work; and
- AFDC regulations that do not reward work, but rather reduce or strip benefits from families as soon as they enter the workforce, before they are able to achieve self-sufficiency.

IV. LATINO CONCERNS WITH THE GOP PLAN

The Latino community shares the Committee's and the public's concerns regarding the ineffectiveness of the current welfare system. We believe that the program should be transitional, that adults who are able should work, and that children should be protected. There are, however, several key provisions of the GOP plan which are of serious concern to Latinos, including:

- **Converting the AFDC program into a block grant.** NCLR is strongly opposed to any provisions which seek to "reform" welfare but which will instead harm poor children and families. During previous periods of high unemployment or recession, Latino families have been disproportionately affected; without the ability to increase funding in times of recession to accommodate higher caseloads, such a provision would deepen poverty among Latinos. Under a block grant, it is likely that many children and families who need transitional, short-term assistance in order to meet basic necessities will be turned away. Previous experience indicates that Latinos will be overrepresented among those who need and are denied help.
- **Eliminating aid to children of unmarried young mothers.** NCLR is committed to reducing poverty in the Latino community and recognizes the role that teenage pregnancy and unmarried teenage births play in persistent poverty. We believe that it is both disheartening and appalling for 12 and 15 year-old girls to have babies, but we think it is more of a disgrace to ignore these children and allow them to grow up in poverty. We oppose provisions that permanently deny aid to a child born outside of marriage to a parent under 18 (or 21, at state option). Such "reform" will only intensify and sanction child hunger and poverty.
- **Terminating benefits with inflexible time limits.** AFDC is a transitional system and the majority of families who use AFDC do so for a limited time. Permanently denying AFDC benefits to families after two years and requiring states to place a five-year *lifetime* limit on AFDC benefits are excessive and irrational anti-poverty policies. Such restrictions would have the effect of worsening poverty for those who simply need temporary assistance. No child or family should be worse off as a result of "reform."
- **Reducing funding for or eliminating a range of low-income and working poor social programs, going well beyond "welfare."** While we agree that welfare reform is needed, we do not consider all programs for low-income families "welfare." We are opposed to irrational, mindless reductions in all social programs for the poor and working poor. In fact, we believe that the federal government has a responsibility to reduce poverty in the nation; clearly-successful programs such as school lunch, Women Infant Children (WIC) nutrition, and food stamps should not be on the table.
- **Denying benefits to legal immigrants.** We are deeply concerned about and vigorously oppose proposals to target legal immigrants who are not yet U.S. citizens as a way to finance a proposal meant to reduce poverty. Such immigrants enter the country legally, pay taxes, and are required to serve in the armed forces in times of war. They come to reunite with family members who are American citizens and to work -- not to collect benefits. It is unclear to us how such a financing proposal relates to reforming the welfare system; rather, it reflects a variety of serious misconceptions about immigrant use of public benefits and a conscious decision to cynically exploit anti-immigrant sentiment in this country.

As proposed, we are certain that the GOP plan will deepen poverty among low-income families and children and cause hardship among middle-class and working poor families. Many of the principles underlying the GOP plan are contrary to anti-poverty policy and will instead exacerbate poverty in urban and rural communities across the country.

V. COMPONENTS OF EFFECTIVE WELFARE REFORM FOR LATINO FAMILIES

In addition to our concerns about the potentially harmful aspects of the GOP plan, we ask that the Committee consider two other points as it undertakes welfare reform. First, we are extremely disappointed that in the list of witnesses to appear before you, the experiences of low-income families as well as the perspectives of Latina AFDC recipients have been marginal to non-existent. We believe it is critical that the Committee have a full understanding of what works and does not work for poor families within the current AFDC system -- from the perspectives of the participants themselves.

Second, we believe that changes to the current AFDC program should reflect lessons learned from previous efforts at reform. For example, NCLR's recent review of the Job Opportunities and Basic Skills Program (JOBS) -- the current AFDC employment and training program -- shows that Hispanic women are underserved by JOBS. While Latinos constituted 17.8% of nationwide AFDC cases, they were 12.8% of nationwide average monthly JOBS participants. Moreover, Latinos were underrepresented in JOBS programs in seven of the ten states with the largest Latino populations. As a similar study by the General Accounting Office (GAO) found, JOBS programs that are insufficiently funded; do not provide adequate support with day care and health care while women attempt to rejoin the workforce; and which do not increase education and skill levels, appear to be the least effective at helping Hispanic AFDC recipients move into the workforce permanently.

Based on NCLR's experience with and knowledge of the Latino community, we believe that the following elements are central to effective welfare reform for Latino families:

- **Training and Education.** The goal of permanent separation from the welfare system requires greater consideration of the education and training provided by federal and state programs. For Hispanics, several concerns must be addressed:
 - **Equity.** Hispanics -- who have been historically underserved by federal training programs -- must be equitably and effectively represented in education and job training programs designed to integrate AFDC recipients into the workforce.
 - **Access.** AFDC participants should not be treated differently from unemployed and dislocated workers, and should have access to a broad range of training options, including those administered by the Department of Labor. In addition, employment and training programs should be encouraged to place a greater emphasis on identifying effective ways to serve those who are "hard to place."
 - **Types of training.** Some Hispanic women need basic education and English-as-a-Second-Language classes before they can participate in training for higher-paying jobs or successfully hold a full-time job. In these cases, arbitrary time limits would impede their efforts to leave welfare. For others, on-the-job training may be the most effective preparation for re-entering the workforce. For all, educational or skill training should be appropriate and useful -- and geared towards the jobs available in the areas where they live.
 - **Placement.** Emphasis should not only be on immediate job placement, but on helping recipients move into permanent, stable jobs. With strict time limits, recipients with very low educational levels or special needs may not receive education of sufficient quality and duration to get and maintain a stable job, and may be disqualified from more advanced training. For these women, they may need to return to welfare after an initial placement.

- **Transportation.** In remote areas where jobs do not exist or in situations where single mothers must travel to work, problems with transportation must be addressed.
- **Child Support.** Limited data exist regarding Hispanic women and child support, although recent research indicates that Hispanic women may be much less likely than their White counterparts to receive the child support they are owed. Low earnings and high unemployment among Hispanic men compared to White men may help to explain this discrepancy in child support. Policies must address the financial gap of absent child support payments that single mothers must fill.
- **Child Care and Health Care.** In order for Hispanic women to participate in training programs or to work full-time, diverse, quality child care options are imperative. Similarly, research shows that a major reason why Latinas use AFDC is because it provides health care for their children – which many low-wage jobs do not. To support women as they move into the workforce and to prevent working poor families from needing AFDC, both types of care are essential.
- **Job Creation Strategies.** While it is clear that a lack of skills is a major concern for AFDC recipients, an equally serious problem is a lack of private sector jobs. In urban areas of high unemployment, or in rural areas with few economic investments, private sector jobs are scarce and competitive, and require well-developed skills. In addition, where jobs do exist, many are low-paying, offer inflexible work hours which do not meet the needs of single mothers, or provide few benefits. Moreover, there is evidence which shows that, in areas of high unemployment, there are large pools of applicants for few slots. Welfare reform should include strategies to respond to these problems.

VI. CONCLUSIONS AND RECOMMENDATIONS

Taken together, the above discussion suggests that effective welfare must be comprehensive and must attack poverty – not poor people. The National Council of La Raza encourages the Committee on Ways and Means to develop and promote policies that:

- **Reform welfare with the goal of reducing poverty.** Welfare reform efforts should not seek only to reduce welfare rolls, but also to reduce poverty among children and families.
- **Focus on moving AFDC recipients into the workforce, but also address the specific barriers that single mothers face.** Welfare should be a transitional program that provides support and protection to children and poor families. Adults who are able should work, but those women who fulfill program requirements and are unable to find employment should not be punished. Barriers such as low skill levels, limited work experience, lack of day care and child care, and high unemployment are real problems women face as they try to leave the welfare rolls.
- **Provide appropriate training which recognizes both the special needs and the non-traditional skills single mothers bring to the table.** Training should take into account the education, work experience, and English-proficiency level of participants. In addition, skills such as bilingualism should be considered a valuable asset which, with appropriate training, could qualify single mothers for careers in many areas of the increasingly global economy.
- **Recognize the limitations of the private sector in creating and filling jobs for underskilled workers.** Some private sector employers are reluctant to hire AFDC recipients because they have underdeveloped job skills and low levels of education, and because they need day care and health care for their children. Some hire workers part-time solely to avoid providing benefits. And some are not willing to invest in

high poverty areas. The role of employers must also be examined and addressed for welfare reform efforts to be effective.

- **Maintain protections for children.** Welfare reform has become a way to target poor families, and to "get tough" and punish the behavior of some adults. Given that two-thirds of AFDC recipients are children, we face a great danger in harming future students, workers, and taxpayers. We must ensure that welfare reform does not go too far and threaten the health and well-being of our children.
- **Seek to expand state flexibility without abandoning the federal government's role in assisting poor families.** It is true that public assistance strategies that work in Texas may not work in New York. However, it is also true that basic economic protections for families should not differ from state to state. The AFDC program was established because the federal government believed it needed to ensure that poor, near-poor, and working poor families and their children were not denied minimum standards of food and other necessities. Efforts to give states more control over AFDC should not mean that the federal government abdicates its responsibility for meeting the needs of the poor.
- **Reject financing provisions that take resources away from a politically vulnerable group of low-income Americans to pay for welfare reform.** Paying for welfare reform, in part, by making it more difficult for legal immigrant family members of U.S. citizens to participate in federal public benefit programs, will exacerbate poverty among immigrant communities -- an outcome contrary to the goals of welfare reform. Such a proposition creates unnecessary distinctions among the poor and diminishes the legitimacy of a public policy aimed at reducing the nation's poverty.
- **Involve community-based organizations in the design and implementation of welfare reform strategies.** In the Latino community, community-based organizations have assumed a special responsibility and demonstrated their ability to successfully improve the status of Hispanic families. As the Committee shapes welfare reform strategies, it should seek the knowledge and expertise of groups who serve poor children and families directly.

The options for Latina and other single mothers are limited and the obstacles to self-sufficiency are substantial. Current policy positions serve only to discourage these mothers and thwart their attempts at maintaining their families through work. NCLR believes that the current welfare reform debate presents the Committee with an opportunity to re-shape flawed pieces of the existing public assistance system. The current AFDC structure, from poorly-funded training programs to rules that discourage work, needs to be altered. We share your concerns about the growth in factors which contribute to the need for welfare, including high rates of child and family poverty, low educational attainment, high unemployment, and teenage pregnancy, and agree that we should seek alternative responses to these concerns. We are eager to support provisions and policies that redesign -- not eliminate -- features of AFDC which are not effective.

Similarly NCLR shares the Committee's concerns related to the appropriate use of public benefits by legal immigrants who are sponsored when they enter this country. We believe that some revisions in current policy may be helpful, but urge the Committee to refrain from measures that would threaten the overall well-being of a vibrant segment of the American population. Finally, we strongly advocate for the protection of children as the Committee considers welfare reform. Attempts to reform regulations and program requirements must not translate into greater numbers of poor children.

Thank you for the opportunity to discuss these issues; I would be happy to answer any questions.

Ms. DUNN. Thank you very much, Ms. Pérez.
We will finish with Cheri Honkala.

**STATEMENT OF CHERI HONKALA, EXECUTIVE DIRECTOR,
PENNSYLVANIA WELFARE RIGHTS UNION, PHILADELPHIA,
PENNSYLVANIA**

Ms. HONKALA. My name is Cheri Honkala. I am a welfare recipient, a human being, and I can speak for myself.

I am part of a volunteer community group in my neighborhood in Philadelphia which works with AFDC mothers and is interested in eliminating poverty, something I have seen very few people talk about.

Thank you for scheduling additional hearings so as to hear the voices of other people in this country. As a poor mother, I agree with Members of Congress that the welfare system must change in fundamental ways. However, I am disturbed about the assumptions many people make about welfare recipients and the demeaning ways that they talk about people like me.

I love my son and I do the best that I can for him. I am really proud of him. He is 14 years old and he is a good student. He goes to a magnet high school and he had to pass a competitive exam to get in. He is not on drugs. He is not violent. He is a really good kid.

Things have not been easy for us. Sometimes we have been homeless and sometimes we have been hungry. I want my son to understand that just because we are poor does not mean that we are not good people. My son is hurt every time someone talks about women who get welfare as being terrible people and bad mothers, incapable of raising their own children.

When I was a teenager, I had to leave my home because of violence in my family. When I was 17, I got a job at the Red Barn, a fast-food restaurant in Minneapolis. I moved into an efficiency apartment with a girlfriend. While I was working, I became pregnant. At this point, going on welfare was the last thing on my mind. However, while pregnant, I was laid off from my job and I had a lot of trouble finding work. Because welfare in Minnesota was not available to women until late in their pregnancies, welfare for me was not an option. Since I had no income, I could not pay my rent and I was evicted. I had nowhere to go and I had to sleep in my car every night. Then a drunk driver hit my car and I became homeless on the streets and stayed in a series of shelters.

Finally, in my last trimester, I became eligible for AFDC benefits. Welfare helped me and my newborn son Mark get back on our feet. Welfare made it possible for me to get a high school degree and to go on to college. I found work again and held a series of different jobs in Minneapolis. Over the years, I have worked at every possible job that you can imagine.

Eventually, I got married and moved to Philadelphia, where my new husband had a job. I also got a job in Philadelphia. After about a year, I was laid off and I could not find another job. The stress of trying to live on one income put a severe strain on my marriage and my husband and I broke up. When I got divorced, my son and I had nowhere to go and nothing to fall back on once again. Most

of my family and friends were back in Minnesota and I was unemployed.

Although I pounded the pavement looking for work and put out tons of resumes, I was finally forced to apply for welfare once again. Like most welfare recipients I know, I would much rather work and be able to survive and live with dignity than to be on welfare. I just could not find the jobs. They do not pay enough to live on and they do not provide health care benefits for me and my son. I hope that I will find another job soon, but when I do find another job, I worry about what will happen if I get laid off again. I am 32 years old now and my son is in the ninth grade. I am not a teen parent any more.

But under the Personal Responsibility Act provisions, cutting off AFDC for children born to teen parents, my son would not be eligible for help now 14 years later. It would not matter that I have been employed. It would not matter that I have been married. It would not matter that I have an education. The only help we would be offered is foster care or a group home for my child. Over my dead body will I let my child be taken from me just because I am unemployed or on welfare.

The value of the safety net can be told I think in my experience and in the experience of several other women. Without it, things would have been devastating. I have needed welfare several different times in my life in order to finish my high school, in order to survive when my marriage broke up, and again when I have been laid off from jobs. If welfare had not been available when we needed it, my son and I would have been sleeping on the streets of America. Welfare helped me hold my family together and take care of my son.

I also think that people do not understand that when you are on welfare, sometimes women experience being beaten, they have other problems, and they are trying to get out of domestic abuse. What would we want these women to do, stay in those domestic violence situations?

Ms. DUNN. Ms. Honkala, I am sorry but I am going to have to cut you off. You have told a very poignant story and we will hope to continue that in the questioning.

[The prepared statement follows:]

Testimony of Cheri Honkala
Philadelphia, Pennsylvania

Before the House Ways and Means Committee
Subcommittee on Human Resources
February 2, 1995

My name is Cheri Honkala. I am a welfare recipient. I'm part of a volunteer community group in my neighborhood in Philadelphia which works with AFDC moms.

Thank you for inviting me to testify today and thank you for scheduling additional hearings on welfare reform so that members of the public have an opportunity to present their ideas and opinions. I am honored to be asked to speak about the problems my son and I face.

As a poor mother, I agree with members of Congress that the welfare system must change in fundamental ways. However, I am disturbed about the assumptions many people make about welfare recipients, and the demeaning ways that people talk about us.

My Story

I love my son and I do my best to take care of him. I'm really proud of him. He's 14 years old, and he's a good student. He goes to a magnet high school that he had to pass a competitive exam to get into. He's not on drugs; he's not violent; he's a really good kid. Things haven't been easy for us. Sometimes we've been homeless, and sometimes we've been hungry. I want my son to understand that just because we're poor doesn't mean that we aren't good people. My son is hurt every time someone talks about women who get welfare as being terrible people and bad mothers.

When I was a teenager I had to leave home because of domestic violence in my family. When I was 17, I got a job at Red Barn, a fast food restaurant in Minneapolis. I moved into an efficiency apartment with a girlfriend. While I was working, I became pregnant. At this point, going on welfare was the last thing on my mind. However, while I was pregnant I was laid off from my job and had a lot of trouble finding work. Because welfare in Minnesota wasn't available to women until late in their pregnancies, welfare wasn't an option for me.

Since I had no income, I couldn't pay my rent and I was evicted. I had nowhere to go, and I had to sleep in my car every night. When a drunk driver hit my car and totalled it, I had to live in a series of shelters. Finally, in my last trimester, I became eligible for AFDC benefits. Welfare helped me and my newborn son, Mark, get back on our feet.

Welfare made it possible for me to go back to school and get my high school degree. I found work again and held a series of different jobs in Minneapolis. Over the years, I worked in a cafeteria, as a nursing assistant, as a cashier, as a waitress, and doing child care. Eventually I got married and moved to Philadelphia, where my new husband had a job. I also got a job in Philadelphia.

After about a year on the job in Philadelphia I was laid off and couldn't find another job. The stress of trying to live on one income put a severe strain on my marriage and my husband and I broke up. When I got divorced, me and my son had nowhere to go and nothing to fall back on. Most of my family and friends were back in Minnesota and I was unemployed. Although I pounded the pavement looking for work, I was finally forced to apply for welfare again.

Like most welfare recipients I know, I would much rather work than live on welfare. Whenever I can find work, I take it. But the jobs I can find don't last, don't pay enough to live on, and don't provide health care benefits for me and my son. I hope that I will find another job soon, but I worry about what will happen if I get laid off again.

I'm thirty-one years old now, and my son is in 9th grade. I'm not a teen parent anymore, but under the Personal Responsibility Act provision cutting off AFDC for children born to teen parents, my son wouldn't be eligible for help now, 14 years later. It wouldn't matter that I've been employed, it wouldn't matter that I've been married, it wouldn't matter that my son is well-behaved and a good student. The only help we would be offered is foster care or a group home. I love my son.

It would hurt both of us terribly to be separated. He doesn't need to be raised by strangers, and I don't need a group home. What we do need is money to live on and help finding a stable job at a living wage with health benefits.

The Value of the Safety Net

I think that my experiences, and the experiences of women I know, show how important welfare is to our survival.

First of all, welfare is an important safety net for poor families. I've needed welfare at several different times in my life -- in order to finish high school, then later when my marriage broke up, and when I've been laid off from jobs. If welfare had not been available when we needed it, my son and I would have been sleeping on the streets. Welfare helped me hold my family together, and take care of my son.

Second, I know from my own experiences, and from talking with other welfare recipients, that young women do not have babies in order to get a welfare check. Because of the hardship I went through, I tell young women I know to wait to have kids until they are really ready. But I know that cutting off welfare for teen parents will end up hurting the children; it won't stop teenagers from getting pregnant.

Third, many of the women I know who get welfare have been beaten up by abusive boyfriends or husbands. A lot of times battered women lose their jobs, because of the abuser making trouble. Welfare is often the only thing that makes it possible for a woman who is being abused to get away and to protect her children from the violence. I get upset when people say that women who get welfare should have gotten married instead, or should have stayed married, because I think they must not understand that for women who are being battered, staying married means broken bones and black eyes and danger for their children.

I also think that people don't understand that when you're being beaten, you don't have choices about when to have sex or whether you get pregnant. I know women who have been forced to have sex, who have been beaten because they said no, or because

they tried to use birth control. I know young women who have gotten pregnant as the result of rape or incest.

Fourth, most people who get welfare have worked in the past and want to work now. Welfare benefits are extremely low. My son and I barely survive on \$316 a month in AFDC -- the maximum grant in Philadelphia -- and another \$212 in food stamps. It is almost impossible to live on that amount of money. There just aren't enough jobs for everyone who wants to work.

In my community, for instance, the Scott Tissue Company, the William Penn Company and the Philadelphia Navy Yard all recently closed. The electric company just laid off 2,000 more people. The unemployment rate in Philadelphia is 8%. Arbitrary time limits on welfare don't recognize how hard it can be to find and keep a job in today's economy.

The low-paying jobs I've gotten don't have health care benefits or sick days and don't pay enough to cover the costs of decent child care and transportation to work. All of these things are necessary for women with children to keep our jobs.

Without sick days and reliable health care, child care, and transportation, poor women end up missing work and risk losing their jobs. If your kids get sick, you have to miss work. If your child care provider gets sick, you have to miss work. I know many women who were fired when they missed work because of an ill child or a sick elderly parent. Meaningful welfare reform has to recognize that without child care, health care and transportation, low income mothers can't get and keep jobs.

Another thing I know from my own experiences is that welfare benefits are not enough for a family to live on and look for work at the same time. Just living on welfare means constantly scrambling. I have had to sell my last belongings at a pawn shop; my son and I get our clothes at a thrift store; we've had to wait in lines at the soup kitchen, and go without heat when I can't pay the bills. Our phone is shut off more often than it's on.

Looking for work costs money. To look for work you need money to either pay your phone bill or to buy quarters to call from a pay phone. If you can't afford a phone, which I often can't, prospective employers can't call you back. You need money to buy a newspaper to read the want ads or money to get to the library to read the paper there. You need money to buy shampoo and detergent to look acceptable at a job interview. AFDC grant amounts should be increased and the AFDC rules should be changed to allow families to find jobs and to keep a little of their welfare money as they make the transition to work.

Poor mothers like me struggle to do what's right for our families and we are good parents. The assumption that poor families don't take good care of their children is wrong. When I was a teenage parent I did everything I could to make sure Mark had what he needed.

You may look at me and think that because I'm on welfare there must be something wrong with me, that somehow it's my fault that I'm poor. I am here to tell you that there is nothing wrong with me. I am a hard working person and a good mother. **Everyone needs help sometime.**

Thank you.

Ms. DUNN. I will now call on Mr. McCrery for questions.

Mr. MCCRERY. Thank you, Madam Chair.

I want to thank the witnesses for coming today and bearing with us through a long day of testimony from a number of panels.

Ms. HONKALA, I want to congratulate you on your seemingly tireless efforts to take care of your family and to search for work. That is what we hope to accomplish through reforming the system—to encourage others to do as you have done and be persistent in searching for work.

Would it help you in your current situation if we were to make some provision for a continuation of Medicaid benefits, for example, after you got a job? Would that expand the opportunities for you to take work and not be disadvantaged economically?

Ms. HONKALA. Yes. My son has had chronic ear infections and, without medical coverage, he probably would have gone deaf due to my inability to pay for things like amoxycillin. However, a more fundamental question beyond the medical care is if we would be able to eat in the time being.

Mr. MCCRERY. We certainly want to investigate the possibilities of providing incentives not only in the form of taking benefits away, but I think we need to investigate, based on situations like yours, the possibility of providing incentives for you to work by saying that we are not going to take away everything if you find a job that does not pay you enough for—

Ms. HONKALA. What if you cannot find a job?

Mr. MCCRERY. If you have 5 years to find a job, we are hopeful that you will be able to find a job. If we are successful in making some of the reforms not only in welfare, but in the Tax Code as well, we hope that there will be more jobs, more good jobs in this country than there are today.

Ms. HONKALA. But what about people like me that have been on and off of public assistance and would be slated to be cut off, even though I have tried to look everywhere possible for employment? What would I do with my child?

Mr. MCCRERY. Of course, we are only talking about cash payments. We are not talking about Medicaid or food stamps. Those would continue.

Ms. HONKALA. But I cannot pay rent with food stamps.

Mr. MCCRERY. No, you cannot, but we are counting on you finding a job, first of all, if we are successful in creating more jobs. Second, we are counting on you depending on other community resources if you find yourself in the position where you just absolutely cannot find a job.

Ms. HONKALA. But I have been on national television saying I need a job, and I would think by now, if there was a job out there, that I would have gotten it by now.

Mr. MCCRERY. Well, I would submit to you that there are jobs out there and I am hopeful that you will find another job. I appreciate your bringing to our attention some of the pitfalls in the current system, as well as some proposed ones that are currently before this Committee. I think, based on your testimony and other testimony we have received, we are going to have to look at some different ways of approaching this problem.

Thank you. I thank all of you for joining us today.

Ms. DUNN. Thank you, Mr. McCrery.

Mr. Ford will inquire.

Mr. FORD. Thank you, Madam Chairman.

Ms. McFate, is there anything in this Contract With America, which is better known as the Personal Responsibility Act, that would help mothers stay off welfare?

Ms. MCFATE. I would like to say yes, but I think the answer is no. We know that one of the biggest problems that we have that nothing in this bill seems to deal with is the issue of cyclers, is the issue of women, and it is about 45 percent of the population by the most recent research, people who are on for a couple of years and get off and get a job and have to come back.

The only thing that you are going to do to deal with them is to deal with some of these labor market support issues. You are going to have to deal with child care, you are going to have to deal with health care, and you are going to have to deal with insuring that there is child support coming into these households to shore up those low wages. There is nothing in this bill that really deals with the issues of the low-wage labor market that women find themselves cycling in and out of. Until you do that, you are really not going to address the problem that the largest group of AFDC recipients face.

Mr. FORD. Is there anything in this bill within the 2-year time limit that would offer any type of education and training to work?

Ms. MCFATE. My reading of the bill is that there is nothing that says that States have to do any kind of education or training program, so that they could set up a program—

Mr. FORD. In other words, they just give you welfare for 2 years under the Personal Responsibility Act, this Contract With America, and after 2 years they cut your cash benefits off with no assistance, no help on training, no skills to be offered to anyone other than the fact that you stay on for 2 years, and after 2 years you are off the cash benefits of welfare?

Ms. MCFATE. Exactly. When the time limit is up, it is out of here, goodbye, we do not know what is going to happen to you.

Mr. FORD. Do you know of anything in this bill that would assist you during those 2 years to enable you to be prepared or to get you job-ready to go into the work force?

Ms. MCFATE. There is nothing in the bill that says that States have to provide any kind of job readiness, skills training or educational help.

Mr. FORD. Should we give the States that type of flexibility, without any Federal or national standards?

Ms. MCFATE. I think it would be very dangerous to do that. We know that one of the reason the States have not been doing as much in that direction as they could—they can do all of that now. You have to remember that. Under current law, you can put somebody in a workfare program for 35 hours a week now under current law. The States do not do it, because it costs so much and they know they do not know how to do job placement very well, and it is a big hassle for them.

Now they could be providing education and training programs, but a lot of States do not want to incur the added expenses, even with the matching grants that the Federal Government gives. So

there are real issues here about whether States are going to be able and willing to invest in the things that we know need to happen in order to get people into the labor market. It is all well and good to say let us devolve down and give it to the people that are closest, but if they do not have the resources to do it—as I said, they can do it now and they have not been doing it. So it does not look real good to me to think that they are somehow going to do in the future what they have not done now which they could do.

Mr. FORD. Under the last tax policy before the Congress, we had the earned income tax credits put into law. Why is it that we have not seen more welfare recipients leave the welfare rolls on those minimum wage jobs, knowing that a family of three would be supplemented at the tune of about \$3,200 annually?

Ms. MCFATE. Part of it is that they are not being told about those in the local welfare offices.

Mr. FORD. They are not being told that they can receive those benefits?

Ms. MCFATE. I think that the local welfare office's orientation is not about getting people prepared for and into the labor market at this point in time.

Mr. FORD. The States want all this flexibility, and you are telling me that the States who run these health and human service offices are not informing their caseworkers to work with welfare recipients to let them know what benefits they would receive, if they receive these minimum wage jobs?

Ms. MCFATE. This is what we are asking, all of us, all the panels, regardless of your political orientation and ideology. All the panels have come in and said we want to make welfare into a system that moves people into the work force. That means completely changing the bureaucracy and the minds of the people who are working in local welfare offices. All they do is check off eligibility for income. They are not about trying to give people the kind of case management they need to individually set up with them contracts and then try to do what they need to move into the work force. We really have to completely redo that bureaucracy, if we want to make any progress on this.

Mr. FORD. My time is expired. Thank you.

Thank you, Madam Chairman.

Ms. DUNN. Thank you, Mr. Ford.

We will move to Mrs. Kennelly.

Mrs. KENNELLY. Thank you, Madam Chairman.

Ms. McFate, we are all trying to do that. We all realize, no matter which side of the aisle we are on, that statistic taking and quality control is not going to lead us to welfare reform, so I think we do know that.

Ms. Smith, I am looking over your testimony and I just want to point to one thing and ask you a question about it. You gave us an example of Bonnie Leif, an alumna of your project who took 4 years to complete a nursing degree and go on, and you praised her efforts. Do you realize that under the Personal Responsibility Act she would not have 4 years, she would have 2 years?

Ms. SMITH. Yes, and that is a concern to me. I hope that the panelists and Congress will understand that these are women with children and families to care for, and so if you expect all of them

to go through in 2 years, when even the young students 18 years old without children living at home are not doing it any more, if you look at the national statistics, then I beg you to consider that they may need a small amount more time, and I gave you some examples of that in my testimony, as well.

Mrs. KENNELLY. Thank you.

In your role as a college president and a person who has really put some time into this whole situation, let me ask you about this. Although the Personal Responsibility Act would not offer jobs to recipients who reach their State's time limit and are unable to find work, it would require States to impose work requirements on a growing proportion of families of Aid to Dependent Children recipients as they received the assistance. I believe the Contract reads they would work 35 hours a week to work off their checks. Do you think this is realistic, in talking about people who have trouble finding jobs, as Ms. Honkala told us. Do you think with your studies of the situation that this is a realistic situation we are talking about, that you are going to get all of these people into the work force?

Ms. SMITH. Well, I think that you will not find a system that will do it all for everyone, and so let's not even try to do that and let's make it as local as possible, so that local communities that care can help the individuals. I think the question about education is very pertinent. There are examples in Iowa where the JOBS Program works with the community college, they have the highest statewide percentage of cases with earnings in the country because they do train the recipients. We must train them and we must give them time. They are human beings.

If you have children, they did not all go through school in the same amount of time with the same success rate, especially if the woman enters without developmental skills. What if she has to get her high school diploma first?

Mrs. KENNELLY. So you are saying the idea of 2 years for many people is not really common sense?

Ms. SMITH. I think it is a worthy goal. I would like to see phasing that such as at the end of 2 years, if the student has made sufficient progress and the college will attest to that, give them the extra time to finish.

Mrs. KENNELLY. Thank you.

Ms. DUNN. Thank you, Mrs. Kennelly.

Ms. Smith, I would like to ask you a further question. The State of Illinois' Governor's office, are they using the community college system to the degree at which it can be helpful in doing the training for people who want to go back to the work force and connecting with the local communities to find private sector jobs?

Ms. SMITH. That is certainly an initiative in Illinois and the Opportunities Program that comes through our community college board has placed I believe about 10 of the 50 community colleges. They have not been able to get the funding and figure out how to do it in all of them. Again, we see success in those welfare recipients who can go through that program, because you have colleges with advisors and counselors who can help students develop their career plans, rather than sitting down in an employment office where it is just a perfunctory task. People are not talking to them,

as you said. They must develop a plan. Yes, Illinois is making steps in that direction.

Ms. DUNN. And among your colleagues who are presidents of community colleges around the country, do they believe that their skills are being called upon to an adequate extent?

Ms. SMITH. Not to an adequate extent. We believe that we should be hooked into every private industry council and every welfare program, and in some States it happens, in some it does not. In some communities it happens, and in some it does not. It is really political.

Ms. DUNN. I understand. It sounds like that should be certainly a subgoal of any program we put into effect to encourage or give some incentive to the Governors and the State operations who may be taking over this very complicated welfare program through block grants to be in very close touch with one of the best sources of training and employment.

I thank the panel very much. We could have spent hours with you, and I am sure we have lots more to learn from what you can give to us. But time requires that we end this panel and go on with our next panel.

Thank you very much.

The next panel will be composed of David Baker, who is director of the Public Division of the Service Employees International Union; Leslie Wolfe, president, Center for Women Policy Studies; Charlee Archambault, JOBS Director for the Rosebud Sioux Tribe, on behalf of the Indian and Native American Employment and Training Coalition; Cynthia Newbille, executive director, National Black Women's Health Project; and T. Michael Pitts, executive director of the Children's Rights Council.

I thank the panelists very much for coming before us. I will reiterate what you have heard before as you have been in the audience, that we do have time constraints today. Much to the detriment of folks who are sitting here trying to glean information from what you have come to tell us, I will ask you to keep your testimony to 5 minutes and you will be timed by the three lights that are in front of you. When the middle light goes on, the yellow one, you will have about 40 seconds left to go. On the red light, I will have to ask you to conclude your testimony. We will certainly make sure that the rest of your testimony will be included in the record, but we must at that time move to questioning.

Let us begin this panel with David Baker.

STATEMENT OF DAVID BAKER, DIRECTOR, PUBLIC DIVISION, SERVICE EMPLOYEES INTERNATIONAL UNION, AFL-CIO

Mr. BAKER. Good afternoon.

My name is David Baker, and I am the director of the Public Sector Division of the 1.1 million member Service Employees International Union. I am here today on behalf of SEIU's public employees who administer the welfare rolls, as well as the majority of our members who are drawn from the low-wage labor market.

I thank you for the opportunity to voice SEIU's concerns over current proposals to reform the welfare system. We have submitted a full written statement which I would like to summarize today.

My testimony today will focus on two approaches to welfare reform, the Personal Responsibility Act and the welfare block grant proposal. We believe that these two reform alternatives pose serious threats to State and local finances and could also wreak havoc on the low-wage labor market. In this report, "Block Grants and Backdoor Budget Cuts," which we have provided to the Committee, we have explored the funding changes on a number of block grants and their related categorical programs over the most recent 5- and 10-year budget cycles. The findings clearly demonstrate that funding for block grants lag far behind those for categorical programs that perform similar functions.

Between 1985 and 1994, block grant funding lagged 11 percent behind categorical funding. Likewise, from 1990 to 1994, funding for the block grants lagged 25 percent behind categorical programs. The report also found that States would have lost nearly \$20 billion in Federal funding in 1994 alone, if the categorical programs had been folded into block grants, or between 20 and 50 percent of their Federal funding for these programs.

Although this analysis does not explore the possibility, there is no doubt that if entitlement programs were converted into block grants, States would stand to lose a great deal more. States would probably have to cap enrollment for programs such as AFDC and food stamps during recessionary periods due to a lack of funds, and many needy people would be denied the safety net that these programs are supposed to provide in the first place.

A number of policies in the PRA also have negative implications in the low-wage labor market. The PRA's large-scale work program will force low-wage unskilled workers to compete for jobs with over 1 million welfare clients. What employer would choose to hire a nonwelfare recipient to fill a job opening for \$5 an hour, when they could hire someone full time from the welfare rolls for free? SEIU has already seen displacement taking place where low-wage workers end up losing their jobs.

In Pennsylvania, for example, a contractor bidding for a government service contract at Haverford Hospital was given a tax credit for hiring welfare recipients, and so was able to underbid his competitors. The result, 35 workers who had jobs lost their jobs and probably ended up on welfare themselves.

SEIU recognizes the need to bring real reform to our current welfare system. A reform initiative such as the PRA and the block grant approach seem intent on dismantling the current welfare system, without coming up with a workable alternative to put in its place. We propose a number of solutions for reforming the welfare system which we have included in our written statement, two of which I would like to touch on here.

First, we must protect current low-wage workers and their jobs by incorporating basic labor standards in welfare reform. Our bottom line concern is that any efforts to create jobs for welfare recipients should not have a negative impact on local job markets. The first step in avoiding this kind of wage undercutting situation is to maintain all of the displacement language currently existing under the Family Support Act.

Rather than relying on a large-scale workfare-type program as described under the PRA, the emphasis should be on the creation

of prevailing wage jobs in the private sector. Basic labor protections must not be stripped from welfare reform, leaving both current low-wage workers and welfare recipients in danger. Under no circumstances should workers lose their jobs to a welfare client paid the equivalent of a subminimum wage in exchange for benefits.

As a union representing tens of thousands of welfare case-workers, SEIU knows firsthand the kinds of worthwhile contributions these workers can bring to the reform process. But in order to gain the full benefit of their expertise, we need to empower these workers to have greater authority over implementing needed changes to their jobs. As the Committee proceeds with the task of reforming the welfare system, we urge you to carefully consider our recommendations.

Thank you very much for your attention.

[The prepared statement follows. The report, "Block Grants and Backdoor Budget Cuts," is being held in the Committee's files.]

**TESTIMONY OF DAVID BAKER
SERVICE EMPLOYEES INTERNATIONAL UNION, AFL-CIO**

Good morning. I am David Baker, Director of the Public Division of the 1.1 million member Service Employees International Union (SEIU). Although SEIU represents workers in all facets of the service sector, the majority of our members are drawn from the low-wage labor market -- including nurse aides, orderlies, janitors, clerks, and food service workers. Thank you Chairman Shaw, and the other members of the subcommittee, for the opportunity to voice SEIU's concerns over current proposals to reform the welfare system.

As a union divided roughly equally between public and private sector workers, SEIU brings a unique perspective to the debate over welfare reform. Our members have witnessed the crisis in the welfare system from both sides -- from the vantage point of the public employees who administer the welfare rolls, as well as the thousands of low-skilled workers employed at the margins who themselves are on the brink of welfare receipt.

The testimony I will present today will focus on two possible approaches to welfare reform: the Personal Responsibility Act (PRA) championed in the Contract with America, and the welfare block grant proposal advanced by Governor Engler and others. SEIU believes that these two reform alternatives pose serious threats to state and local finances and could also wreak havoc on the low-wage labor market. Block grants, which play a key part in the PRA as well as the Governors' proposal, amount to little more than backdoor ways to reduce funding to the states. And both of these reform plans penalize low-wage, unskilled workers by forcing them to compete for jobs with welfare clients earning subminimum wages.

Block Grants Are Backdoor Budget Cuts

The PRA consolidates 10 food assistance programs into a single block grant to the states, and also gives states the option of converting AFDC into a block grant program. The governors' proposal goes even further, as it would transform the entire federal-state welfare system into a massive block grant to the states.

Consolidating categorical programs into block grants to the states is not a new idea. Since the early 1980s, a number of programs -- including social services, job training, community development, mental health, preventive health, and maternal and child health services -- have been merged into block grants.

SEIU explored the funding changes of a number of block grants and their related categorical programs -- excluding all entitlement programs but food stamps -- over the most recent five- and ten-year budget cycles. The findings are presented in the attached report, *Block Grants: Backdoor Budget Cuts*. The results of this analysis clearly demonstrate that funding increases for block grants lag far behind those for categorical programs that perform similar functions.

A key finding of the report is that between 1985 and 1994, block grant funding lagged 11 percent behind the related categorical programs. And between 1990 and 1994, an even greater gap emerged -- funding for the block grants lagged 25 percent behind the related categorical programs.

Second, the report posed the question of how much federal funding states would have received in 1994 if the categorical programs had been folded into mega-block grants ten years earlier. Because the funding losses under block grants are permanent and therefore cumulate over time, federal aid to the states would have been nearly \$20 billion less in 1994 alone if these categorical programs had been melded into the existing block grants in 1985. On a percentage basis, most states would have received between 20 and 50 percent less in federal funding for these programs if they had been funded at the block grant rate.

The analysis also attempted to assess the likely impact of the PRA's initiative to consolidate nutrition programs into a single block grant by comparing funding levels for the Maternal and Child Health Block Grant with food stamps, the commodity supplemental food program, the school breakfast and school lunch programs, WIC, and other nutrition programs. Between 1985 and 1994, funding for these categorical programs increased 45 percent in inflation-adjusted terms, compared to a mere three percent increase for the Maternal and Child Health Block Grant. Strong constituent support from low-income groups, the agricultural lobby, and child advocates helped buoy funding levels for these individual nutrition programs. But the block grant failed to garner the needed constituent backing and was left to flounder.

Although this analysis excluded all entitlement programs but food stamps, it is evident that states could stand to lose a great deal more federal funds if entitlement programs were converted into block grants. If programs such as AFDC and food stamps were no longer entitlements, states would probably have to cap enrollment during recessionary periods due to a lack of funds — or rely on state resources alone to respond to the added demand for services. In either case, many needy people would likely be denied assistance and the drop in purchasing power would reinforce the recessionary effect. There is no denying that state and local budgets could be in grave jeopardy if massive block grant proposals — particularly those involving entitlement programs — are enacted.

Added Federal Prescriptions

While the track record of block grants shows that states will receive less federal funding — theoretically in exchange for added state flexibility — the PRA would actually require states to adhere to significant new federal mandates. Among the new federal prescriptions are compliance with strict rules regarding work program participation, food coupon fraud detection and prevention, and illegal alien identification.

Under the PRA's welfare work requirement, for example, states will receive reduced federal funding if they fail to meet prescribed participation rates. The PRA's work participation rates are set unrealistically high, rising steadily to 50 percent of the entire caseload by the year 2003. Consequently, in a few years states will have to find full-time jobs for at least 1.5 million welfare recipients — or wind up with a 25 percent cut in federal funding.

Just because the federal government cuts off assistance to impoverished individuals, it doesn't mean that their need suddenly disappears. Quite the contrary. The only difference is that now states and localities will be forced to shoulder the entire burden for their care. If needy families no longer have access to AFDC, they may turn to general assistance, which is 100 percent state or locally financed. Others who are cut off from the welfare rolls may seek out emergency housing or homeless assistance — again at state or local expense. The end result will merely be cost-shifting from one level of government to another.

The issue of cost-shifting to states and localities will be most pronounced under the PRA's proposal to deny benefits to noncitizens — both those in this country legally as well as illegal immigrants. Cutting off federal assistance to an entire class of individuals, regardless of their present need or their prior contributions, will put a lot of pressure on states and localities to attend to these individuals when they require assistance.

SEIU has been a long-time advocate of immigrants rights since it was founded by immigrant flat janitors in Chicago shortly after the turn of the century. We are proud of our heritage and have taken the initiative to organize and represent foreign-born workers. As an ethnically diverse union, SEIU is well aware of the contribution that immigrants have, and will continue to make to this country. Consequently, our members are very concerned about the divisive impact that the PRA will generate in their workplaces, their communities, and among their families.

PRA Penalizes Low-Wage Workers

The PRA's call for rigid time limits on benefits, more restrictive eligibility requirements, and mandatory work in exchange for welfare will actually compound the problems of poverty and dependency rather than put an end to them. Aside from the obvious outcome of forcing millions of welfare recipients and their children to fend for themselves on the streets, such policies will have reverberating effects on the low-wage labor market as well.

By requiring welfare recipients to work a minimum of 35 hours per week in order to "work off" their AFDC grants — regardless of the cash value of their benefits — the PRA eliminates basic labor protections that currently exist in the Family Support Act (FSA). Under the FSA, participants in the welfare-to-work programs must be compensated at no less than the minimum wage. And after nine months in the program, these participants must be paid prevailing wages for their efforts. The PRA also does away with key anti-displacement provisions in the FSA, which would enable employers to substitute low-wage workers with recipients from the welfare rolls.

Enforcement of basic labor standards, including the right to work at the minimum wage, equal pay for equal work, and non-displacement protections, are essential not only for welfare recipients, but for those workers currently employed in low-wage jobs. In order to comply with the PRA's work requirements, states will channel welfare recipients into unskilled jobs in either the public or private sectors — where they will receive the equivalent of \$2.42 per hour, on average, for their labor.

What employer will choose to hire a non-welfare recipient at \$5.00 per hour when he can employ a welfare client free of charge? Low-skilled workers in the United States are already faced with wage-cutting competition from third world countries. They don't need the added pressure of battling the welfare population to hold onto their jobs.

Although the drafters of this proposal may believe they are entitled to violate the minimum wage laws because the CWEP and work supplementation programs are not characterized as regular jobs under the Fair Labor Standards Act, work is still work -- regardless of semantics. But under the PRA, an employer can lawfully exact 35 hours of work per week in exchange for as little as \$120 a month in cash benefits. This makes a mockery of the PRA's purported objective of rewarding work and extending a helping hand to those trying to leave the welfare system.

The whole purpose of creating a federal wage floor back in 1938 was to prevent these depression-inducing circumstances from ever occurring again. Congress should not use welfare reform as an excuse to gut the nation's minimum wage laws.

Under the work supplementation program, a recipient's welfare grant is diverted to an employer as an inducement for hiring that recipient. Under the Family Support Act, only the AFDC cash grant is diverted; the recipient may continue to receive food stamp benefits and the employer must pay the difference between the AFDC grant amount and the minimum or prevailing wage. Under the PRA, at state option, both the AFDC payment and the value of the food stamp allotment would be diverted to the employer. In most cases, the employer would not have to contribute anything towards the participant's wage. Consequently, low-wage employers would have a far greater incentive to hire welfare recipients -- who essentially would be available free of charge -- than other workers for whom they would have to pay a regular salary. This kind of policy amounts to little more than corporate welfare.

The federal government already subsidizes employers of low-wage workers by providing these workers with an array of benefits to supplement their meager earnings: housing assistance, food stamps, AFDC, SSI, Medicaid, and the Earned Income Tax Credit. If these employers paid livable wages, then the government would not be forced to step in to fill in the gaps.

The nursing home industry is currently one of the greatest beneficiaries of this form of corporate welfare, and will no doubt be the first in line to reap the new benefits provided under the PRA. Nursing home operators already get reimbursed with federal and state tax dollars for most of their services; the complete wage subsidy under the PRA's work supplementation program could result in a 100 percent tax giveaway to these corporations. Service contractors, particularly those hiring janitors to clean office buildings, could also profit enormously from this kind of wage subsidy arrangement.

All across the country, SEIU locals have already seen instances where displacement is taking place. In Pennsylvania, for example, a contractor bidding for a government service contract at Haverford Hospital was given a tax credit for hiring welfare recipients -- and so was able to underbid his competitor. Thirty-five workers who currently worked under the contract lost their jobs -- and may have ended up on welfare themselves.

A similar situation occurred in California. The laundry department at San Francisco General hospital began filling its vacant positions and those positions vacated through attrition with General Assistance welfare participants. These participants became a cheap supply of labor for the hospital, earning wages far below the regular pay scale. To put a stop to this practice, SEIU negotiated contract language stating that it was not the city's intention to displace existing workers and, if a pattern of displacement occurred, the union could seek a remedy by protesting directly to the Mayor. As a result of this agreement, the city stopped filling these positions with welfare participants.

A slightly different, although still related situation arose in Baton Rouge. The Louisiana Departments of Health and Hospitals and Culture, Recreation and Tourism awarded janitorial contracts to employers hiring prison labor. Again, low-wage workers lost their jobs because the contractor could not compete against the wage-cutting competition.

In order to safeguard the rights of both regularly employed workers and welfare recipients, protections for incumbent workers need to be built in to the welfare program so that these kinds of worker displacement instances will not occur.

In its present form, however, the PRA opens the door for large-scale displacement. In order to make way for the flood of over one and a half million welfare recipients into community service jobs, the PRA eliminates important anti-displacement provisions that currently exist under the Family Support Act.

For example, according to Section 484 (c) of the FSA: "No participant may be assigned under Sec. 482 (e) [work supplementation] or (f) [CWEP] to fill any established unfilled position vacancy." This requirement is eliminated under the PRA, meaning that a recipient can be placed in an established, unfilled vacancy and be paid the CWEP rate -- which could be as little as \$1 per hour -- even though that vacancy position may have been paying twice the minimum wage previously.

Low-wage service jobs are notorious for their high turnover rates, so it wouldn't be long before employers in such industries as home care, nursing homes, and building services could substitute a majority of welfare recipients for workers presently on their payrolls.

Again, what employer is going to hire a non-welfare recipient to fill a job opening at an established wage rate when he can hire someone full-time from the welfare rolls for free?

The first step in avoiding this kind of wage undercutting situation is to maintain all of the displacement language that currently exists under the Family Support Act. But even the best displacement language is not sufficient on its own to prevent dislocation. The total workforce of regular state, local and federal government employees is only about 18 million workers. It will be impossible for a workforce of this size to absorb an additional one and a half million workers without causing considerable displacement. And the PRA contains no provisions which would mitigate the potential for displacement, such as efforts to promote the creation of new private sector jobs or enhance the qualifications of welfare recipients.

In any work-for-welfare program, the emphasis should be on creating community service jobs that will meet unmet needs in the community. In many cases, however, the "unmet needs" of today had been performed by regular, full-time workers in the past. Union concurrence for these jobs is essential to ensure that these newly created positions are not just previously eliminated job titles. We should also make every effort to integrate welfare clients into existing personnel structures in terms of wages, rights, and benefits.

Our bottom line concern is that any efforts to create jobs for welfare recipients should not have a negative impact on the local job market. It is essential that we not violate the principle of equal pay for work of equal value, especially among the lower-paid segment of the workforce. Otherwise, this will depress wages in the community -- particularly for our most vulnerable workers at the low end of the wage scale.

SEIU's Proposal for Welfare Reform

SEIU recognizes the need to bring genuine reform to our current welfare system, but reform initiatives such as the PRA and the block grant approach seem intent on dismantling the current welfare system without coming up with a workable alternative to put in its place. The problems of poverty, unemployment, malnutrition, crime, and urban decay surely won't disappear simply because families are cut off from public assistance.

■ Address Caseworker Issues

Welfare caseworkers can play an invaluable role in achieving meaningful reform of our welfare system. As a union representing tens of thousands of caseworkers throughout the country, SEIU knows first hand the kinds of worthwhile contributions these workers can bring to the process. But in order to make full use of their knowledge and expertise, we need to empower these workers to have greater authority over their jobs.

One of the principal problem areas that caseworkers identify again and again is the issue of caseloads. Welfare caseworkers in every state complain that they are overburdened by unreasonably high caseloads. And the current emphasis on administrative cost savings is likely to bring added pressure for even higher caseloads. Particularly if states opt to go the block grant route, the temptation will be to hold down administrative costs by requiring caseworkers to serve an even greater number of welfare clients.

Clearly, there needs to be a limit placed on the number of welfare clients that each individual caseworker can serve. Such a limit would enable caseworkers to devote the attention needed to designing effective strategies for achieving economic independence that best suits each individual welfare family.

Welfare caseworkers also point to the reams of paperwork and bureaucratic red tape that they must wade through in order to comply with the requirements of their job. Although extremely time consuming, these administrative responsibilities have little to do with helping clients move from welfare to work. Caseworkers need to be freed from this constant paper-pushing so that they can concentrate on providing the professional counseling services they have been trained to perform.

SEIU also strongly believes that welfare casework should continue to be performed by public employees. Contracting out casework to private sector companies is a delegation of sensitive functions that endangers the individual rights of AFDC recipients. The sensitive duties conducted by case workers include determination of eligibility, assessment of clients, referral to various human service programs, and coordination of the client's participation in the program. Caseworkers care about the work they do and have the best interest of the welfare clients at heart. The public interest should not be administered by a private company with a profit motive.

■ Promote Flexibility and Performance Standards

Although SEIU is opposed to the idea of creating mega-block grants out of categorical welfare programs, we do acknowledge that there are some cases where it makes sense to consolidate and streamline programs. In cases where two or more programs serve the same target population and provide similar services, consolidation would allow policymakers to cut through some red tape, and would allow the workers who provide the services to focus on serving the needs of their clients rather than filling out mounds of forms.

However, consolidation is not just a numbers game. Fewer is not always better. One of the ways to ensure that consolidation actually brings improvement is to develop a set of performance standards to assess whether program objectives are being met. To be most effective, these standards should focus on outcomes — such as how many families achieve economic independence — rather than merely process indicators.

■ Stop Threats to Low-Wage Workers

The Personal Responsibility Act takes a misguided approach in its effort to usher welfare recipients into the workforce. A community service job paying \$2 per hour is not likely to instill a strong work ethic, or reinforce the value of work over welfare.

Requiring AFDC recipients to work at subminimum wages is a dangerous economic experiment of unprecedented scale. According to the drafters' own estimates, over one and a half million AFDC recipients working at subminimum wages are expected to be dumped into the job market. This disappearance of the wage floor will convert lower-skilled public and private sector jobs into even lower-paid work, and exert a downward pull on the entire low-wage labor market.

Creating such an underclass of workers would erode wages and employment standards for all Americans, as well as have a negative impact on the economy as a whole. This is the opposite of the high-wage and high-skills workforce strategy that the U.S. should be trying to promote.

Rather than relying on a large-scale workfare-type program, the emphasis should be on the creation of prevailing wage jobs in the private sector. There is no logical reason why welfare recipients should be denied the basic labor protections that are afforded other workers in this nation. This nation was founded on the principle that everyone, poor as well as rich, deserves the equal protection under the law. Denying some of the poor the right to be paid the minimum wage is an affront to that tradition and a violation of basic principles of justice. SEIU professes that under no circumstances should a state be allowed to pay a welfare client the equivalent of a subminimum wage in exchange for benefits.

In order to send the right message — that work is a better alternative to welfare — welfare recipients should be paid the higher of the state or federal minimum wage, or the rate paid to other employees of that employer doing the same work and with the same tenure. Employers should not have the right to treat welfare recipients as second-class workers simply because of their economic circumstances.

In addition to being paid comparable wages, welfare recipients should also be provided the same benefits, rights, and working conditions as employees who haven't been hired from the welfare rolls. This will help prevent a situation where welfare clients are used as low-cost alternatives to regularly employed workers. Even well-intentioned welfare-to-work programs can have the effect of replacing one group of low-wage workers with another — thus perpetuating the cycle of work and welfare dependency.

■ Expand Job Opportunities

SEIU believes that the key to ending welfare dependency is the expansion of economic opportunity for all Americans. Meaningful welfare reform will only be achieved as part of a comprehensive effort to improve education and training opportunities, guarantee access to health care, expand child care, and create jobs that pay a living wage.

As you've heard from others testifying before this subcommittee, a job that pays decent wages and benefits is the surest route out of welfare dependency. Accordingly, we need to approach welfare reform in the context of a full employment policy designed to create ample job opportunities for workers at all education and skill levels. People need jobs in order to attain, and maintain, self-sufficiency.

If we place greater emphasis on private sector job creation, as well as on pursuing public policies that promote full employment, it will be unnecessary to funnel welfare clients into a large-scale community service program — particularly one that pays subminimum wages.

We cannot expect people to learn the value of work if we seriously undervalue the work that we ask them to do. Instead of focusing on punitive measures aimed at making welfare less attractive, or less attainable, we should concentrate on developing ways to make work more attractive. As a union representing hard working men and women, SEIU is the first to recognize that there is dignity in work, but workers themselves deserve the dignity of a living wage.

■ **Raise the Minimum Wage**

The principal problem facing those who try to leave welfare is the shortage of jobs with wages and benefits that will support a family. One-quarter of poor adults are employed at full-time jobs that do not pay enough to escape poverty. As President Clinton noted in his State of the Union address, by 1996 the minimum wage will soon be at its lowest level in 40 years in terms of purchasing power.

Clearly, the minimum wage needs to be increased to a more livable level, and then indexed to keep pace with inflation. Many of the nation's poor and homeless are working full time – but they still don't earn enough to bring their families out of poverty. A full-time job at the minimum wage pays just \$8,840 a year. In high cost of living states such as California, families may spend 50 to 80 percent of their earnings on housing costs alone. And child care costs can amount to \$4,000 or \$5,000 per year, per child. When a person's wages can't cover his or her basic needs, something has to be changed.

While some politicians have argued that we need to increase the Earned Income Tax Credit (EITC) rather than raise the minimum wage, the truth is that both are needed. Taxpayers cannot be asked to shoulder the full cost of making work pay. Employers must pay their fair share as well.

■ **Bolster Training and Support Services**

A successful welfare reform plan must also address the non-wage factors that act as barriers to employment, including the lack of access to quality, affordable health care and child care services, as well as the prevalence of education and skill training deficiencies among welfare recipients.

Despite the failure of Congress to pass health care reform legislation, the fact remains that we cannot have true welfare reform unless we can break down one of the strongest barriers to employment – loss of health insurance coverage under the Medicaid program as workers transition into low-paying jobs that lack health insurance. It's no wonder that people cycle on and off the welfare rolls. A woman who leaves welfare for a low-wage, no benefit job has no alternative but to return to welfare if she or someone in her family requires costly medical care. This cycle of dependency cannot be broken until health care coverage becomes a right for all Americans.

The poor also need new avenues of opportunity that will lead them beyond low-paying, dead-end jobs. Accordingly, they should have access to ongoing job training and skills upgrading efforts so that they can qualify for higher-paying and more challenging jobs in the future.

It is SEIU's conviction that job creation, universal health care, quality child care, education and training opportunities, and jobs that pay living wages will serve as the cornerstones for welfare reform. Only after these elements are in place can we effectively proceed with the task of transforming the welfare system into one of opportunity instead of dependency.

■ **Pursue Alternative Training Strategies**

We encourage the committee to look beyond the kinds of traditional welfare-to-work programs that are advanced in the PRA. Instead, we urge you to explore more innovative alternatives, including various wage subsidy or apprenticeship-type models to encourage private sector employers to hire welfare recipients.

One method for encouraging the development of subsidized work programs is to create partnerships between organized labor and the community. The Laborers' International Union of North America (LIUNA) has used such an approach in its highly successful "Step-Up" pilot program in Chicago. Under the program, LIUNA educates, trains, and employs low-income residents to rehabilitate the public housing projects in which they live.

LIUNA matches these newly hired workers with mentors who share their skills, knowledge and experience on the job. The mentors help new employees adjust to their new positions by providing them with needed guidance, support, and information. These kinds of labor-community partnerships foster a win-win situation — instead of pitting union workers against welfare recipients.

Conclusion

As the committee proceeds with the task of reforming the welfare system, we urge you to carefully consider the above recommendations. SEIU is ready to work with the committee in expanding upon the ideas presented above as it continues the work of developing a workable welfare reform plan.

Thank you.

Ms. DUNN. Thank you very much, Mr. Baker.
Leslie Wolfe, please.

**STATEMENT OF LESLIE R. WOLFE, PRESIDENT, CENTER FOR
WOMEN POLICY STUDIES**

Ms. WOLFE. Thank you.

I am president of the Center for Women Policy Studies, and I am also a member of the board of trustees of Montgomery College, which is a three-campus community college in Montgomery County, Maryland.

My testimony has been submitted for the record, and I would like to summarize it very briefly.

At the Center for Women Policy Studies, we are concerned that H.R. 4 would make it impossible for AFDC recipients to take personal responsibility for their economic future by doing what our Federal Government and parents helped many of us and our children to do—go to college. Our research and that of many colleagues around the country shows that postsecondary education is a proven, effective and permanent route out of poverty for very many low-income women.

In welfare reform, as in clothes, it is folly to believe that one size fits all. Welfare reformers must recognize the great diversity among AFDC recipients. We must offer a range of options to prepare them for independence and long-term economic self-sufficiency. Education and training options are absolutely crucial and they are in fact cost effective.

Contrary to stereotypes, not all women on AFDC are school dropouts. Individual States report that some 30 to 50 percent of their AFDC recipients have a high school degree or a GED. Though they are eligible for postsecondary education, they simply do not have the resources or opportunity to enroll and remain in college.

Completing a 2-year degree at a community college is an especially powerful antidote to poverty for women on public assistance. An associate's degree raises women's income by 65 percent over their earnings with a high school diploma. A postsecondary vocational degree raises income by 41 percent.

Empowering women through education has other far-reaching benefits and not all of them are strictly financial. Studies in several States have found that a postsecondary education not only increases women's incomes, it improves their self-esteem, increases their children's educational ambitions, and has a dramatic impact on their quality of life, enriching their personal lives and improving their relationships with their children.

Whether policymakers seek to reform welfare in order to cut government spending or to improve the quality of life and strengthen the families of low-income women, providing AFDC recipients with access to higher education does both. As it did for many of our colleagues, including those who benefited from the GI bill, a postsecondary education can help break a devastating cycle of poverty that traps many women. They are forced to go on and off welfare, because the jobs they qualify for do not pay enough to let them survive.

Indeed, contrary to other stereotypes, women receiving AFDC are not lazy slackers. Forty percent work full time or intermittently,

but they remain desperately poor. As hard as they try, without the proper training, which we believe a postsecondary education provides, it is often impossible for them to improve their family's economic status. With a postsecondary degree, women spend less time on AFDC and are far less likely to need public assistance again, according to several research studies.

For example, in New York State, of 158 college students who received AFDC, 100 percent of those with a 4-year degree and 81 percent of those with an associate's degree stopped receiving welfare. By investing in women who are ready for postsecondary education in this way, government can gradually shrink the number of welfare recipients and devote more resources to addressing the crushing burdens faced by other women receiving AFDC who may be living lives of chaos and dysfunction caused by sexual and physical abuse, homelessness, drug use, inferior educational opportunities, psychological problems and lack of hope for their future.

Education and job training must prepare women for higher paying employment, given that at least half of all new jobs by the year 2000 will require a college degree. We submit that block granting AFDC is not the answer. There is a continued need for active Federal leadership, because States are often forced to focus on short-term solutions.

We urge you to consider welfare reform proposals that enhance women's opportunities for economic self-sufficiency through postsecondary education.

Thank you.

[The prepared statement follows:]

**TESTIMONY OF LESLIE R. WOLFE
CENTER FOR WOMEN POLICY STUDIES**

Mr. Chairman, and Members of the Committee on Human Resources, my name is Leslie R. Wolfe, and I am the President of the Center for Women Policy Studies. The Center is an independent feminist policy research and advocacy institution that was founded in 1972. Throughout our history, the Center has concentrated on complex, cutting edge women's issues, with a special emphasis on the diverse needs of low income women and women of color. I am also the Second Vice Chair of the Board of Trustees of Montgomery College, a three-campus community college in Montgomery County, Maryland, so my testimony is informed not only by the Center's research but also by my experience with the administration, faculty, and staff of the college.

Postsecondary Education: A Recognized Path to Long-Term Economic Self-Sufficiency

My testimony today addresses the proposed changes to the AFDC program (as contained in H.R. 4) which would limit recipients' options to pursue postsecondary education and realize long-term economic self-sufficiency. In essence, the proposed changes would make it impossible for women to take "personal responsibility" for their economic futures by doing what our federal government and parents helped many of us and our children to do -- go to college. The proposed changes would make it impossible for Amy Hendricks, who appeared before this Committee on January 20, 1995, to take classes at Prince George's Community College and the University of Maryland, and move toward her dream of building a life for herself and her son free of public assistance. Indeed, it would be a cruel irony if this Committee's package of welfare reforms were to make Ms. Hendricks' success story impossible for other women.

Our research and that of many colleagues around the country¹ reinforce Ms. Hendricks' personal testimony -- that postsecondary education is the best strategy for long-term self-sufficiency for a large group of low income women, including women now receiving AFDC. We believe, as you do Mr. Chairman, that welfare reform should "promote individual responsibility." We agree that welfare reform should focus on creating strategies to move recipients from welfare to work and provide a path to economic self-sufficiency and productivity. We ask you to remember that postsecondary education is a proven effective and permanent route out of poverty for low income women. Ensuring that women in every state continue to have an opportunity to earn a postsecondary education is a winning strategy for everyone -- for women, for their children, and for state and federal budgets.

Women Receiving AFDC are Ready, Willing and Able to Undertake Postsecondary Education

In welfare reform as in clothes -- it is folly to believe that one size fits all. Welfare reformers must recognize the great diversity among AFDC recipients. We must offer a range of options

¹ In 1991, the Center created the National Brain Trust on Economic Opportunity for Low Income Women to assess the efficacy of higher education as a strategy for moving low income women into economic self-sufficiency. With the Office of Women in Higher Education of the American Council on Education, the Center convened a seminar on increasing access to higher education for low income women; the Center also published a research report, More Than Survival: Access to Higher Education for Low Income Women, and Women, Welfare, and Higher Education: A Selected Annotated Bibliography, both prepared by Erika Kates of Smith College. In 1987, the Center convened a policy seminar, "Occupational Segregation and its Roots in Education," to consider the connections between sex and race bias in early education and women's continuing segregation into low wage, low status jobs. The resulting book, Women, Work and School: Occupational Segregation and the Role of Education, was published by Westview Press.

to prepare them for independence and long-term economic self-sufficiency; education and training options are especially crucial and cost effective. Contrary to stereotypes, not all women on AFDC are school "drop-outs." Individual states report that from 30 to 50 percent of their AFDC recipients have a high school degree or GED. In short, between 1.44 million and 2.4 million are eligible for college at any given time (Burtless, 1994; Kates, 1991; Gittell, Schehl, and Fareri, 1990; Shea, 1992; Solomon, 1990). They simply do not have the resources or opportunity to enroll and remain in college.

A recent study estimated that, all other factors being equal, 75 percent of women receiving AFDC who had completed at least one year of college would leave AFDC voluntarily after two years. By contrast, only 47 percent of those with a high school degree would leave AFDC after two years (Fitzgerald, as cited in Sherman, 1990). Today, leaving AFDC for a job may actually lower a family's standard of living; women therefore are reluctant to make a choice that would hurt their children. But postsecondary education can prepare women for better jobs that can lift them permanently out of poverty.

Studies of women on public assistance who have gone to college reveal the degree of motivation, dedication and relentless determination needed to stay in school when many policy conflicts work against them. Many more women who are forced to rely on public assistance might choose to pursue postsecondary education if they were not financially punished by these policy conflicts. For example, a 1992 survey of JOBS program policies in 32 states found that AFDC recipients who received student financial aid or other educational funds lose public assistance benefits including reduced AFDC benefits and food stamps (Kates, 1993). Thus, for a woman living below the poverty level, struggling to provide for her children, the decision to apply for student financial aid to cover the most basic costs -- tuition and books -- brings additional hardship and problems for her family's survival.

A College Degree is the Key to Moving Women Off AFDC and Out of Poverty

If our goal is to help low income women "get off and stay off welfare" by moving from welfare to work that will enable them to support themselves, their families, and our government (as taxpayers), then our strategy must include educational preparation that allows low income women the opportunity to pursue careers beyond the low wage jobs usually made available to them. And this means a college education.

Unfortunately, sex and race discrimination in the job market make it essential that women, and in particular women of color, have access to postsecondary education. Overall, women with a high school degree or less earn little more than HALF the equivalent wage of a man with the same education (\$579 compared to \$1,116 a month) (Census Bureau, as cited in Sherman, 1990). *A woman still needs a college degree to earn wages approaching those of a male high school graduate* (see Greenberg, 1993). Despite the persistence of this wage gap, women's income does improve with postsecondary education (Sherman, 1990).

The average woman college graduate earns \$22,000 a year and is more likely to be in a job which offers fringe benefits, while women working in minimum wage jobs earn far less. Workers with college degrees also are more likely to have transferable skills that will help them survive in today's job market, where they are likely to change jobs several times in the course of a lifetime.

Completing a two-year degree at a community college is an especially powerful antidote to poverty for women on public assistance. An Associates degree raises women's income by 65

percent over their earnings with a high school diploma; a postsecondary vocational degree raises income by 41 percent (Census Bureau Survey of Income and Program Participation, as cited in Sherman, 1990).

The economic benefits of postsecondary education for both women and the economy would be immediate and positive. Even one year of postsecondary education makes a difference:

- Fifty-one percent of African American women 25 and older who head households and have exactly 12 years of schooling live below the poverty line. But with only one year of postsecondary education, the percentage of those families living in poverty is cut by more than one half - to 21 percent.

- Forty-one percent of families headed by Latinas with exactly 12 years of school live in poverty -- that number drops to 18.5 percent with at least one year of postsecondary schooling.

- For white women, the figure drops from 22 percent to 13 percent (Census Bureau Current Population Survey, as cited in Sherman, 1990).

Statistics reveal that only 2.9 percent of the nation's population with at least one year of college participated in a major public assistance program during an average month in 1987, but 7.3 of all high school graduates did (Shea, 1992).² Looked at another way, these compelling statistics reveal that a postsecondary education is more likely to move more women permanently out of poverty and off AFDC than any other welfare reform proposal contained in H.R. 4

If we are sincere about reducing government spending on AFDC, then we must be willing to invest up-front in cost-effective, successful programs that support women who are ready, willing and able to improve their future earning potential through a postsecondary education. We must help them take "personal responsibility" by extending help, not creating barriers, to a postsecondary education.

The Benefits Transcend the Financial

Empowering women through education has other far reaching benefits; not all of them are strictly financial. Studies in several states have found that a postsecondary education not only increases women's income, it improves their self-esteem, increases their children's educational ambitions, and has a dramatic impact on their quality of life, enriching their personal lives and improving their relationships with their children (Gittell, Gross and Holdaway, 1993; Kates, 1991). And I can assure you that the student-centered mission of community colleges makes them the ideal environment for many women receiving welfare to begin their postsecondary educational journey.

One study of college graduates who had been AFDC recipients during the time they were enrolled in school reported remarkable results. Nearly all (95 percent) of the women respondents said college made them feel proud of themselves; 90 percent said that the greatest benefit of their college experience was that it "made

² As of 1991, among AFDC recipients whose educational attainment was known, 11.2 percent had finished 8th grade or less; 35.1 percent had some high school; and 40.7 percent were high school graduates. However, only 12.2 percent had some college; and .8 percent were college graduates (Committee on Ways and Means, as cited in Burtless, 1994).

me more confident" or "made me see the value of college." Eighty-five percent said it gave them new insights into their needs; 81 percent said it made their children proud of them; and fully 75 percent said their college experience helped them work better with their children (Gittell, Schehl, and Fareri, 1990). The report concluded:

Without exception, each woman interviewed influenced at least one other person's education, ambitions and achievements, either through academic assistance, encouragement or setting an example....The women with younger children are determined that their children will go to college.

One study participant reported: "College opened up a lot of doors, a new world. It made me more sure of myself. College has made a difference with the kids. I help them with their work. They know that I went. They are proud of me" (Gittell, Schehl, and Fareri, 1990).

Other studies (Kates, 1993; Kates, 1991) of AFDC recipients enrolled in college, including a review of programs in 28 states, revealed similar benefits; women registered the positive impact of postsecondary education on their family life:

...My son said to me out of the clear blue the other day, "I want to be just like you, Mom. I want to be a college student" (Kates, 1991).

Clearly, postsecondary education does make a difference -- an enormous difference -- for many low income women. But is it a realistic and affordable option for welfare reformers to consider? The answer is yes.

Real Reform: Reducing the Number of Women Who Need to Return to the AFDC Program

Whether policy makers seek to reform welfare in order to cut government spending or to improve the quality of life and strengthen the families of low income women -- providing AFDC recipients with access to higher education does both (Gittell, Gross and Holdaway, 1993; Kates, 1993, 1991; Gittell, Schehl, Fareri, 1990). As it did for many of our colleagues, including those who benefitted from the G.I. bill, a postsecondary education can help break a devastating cycle of poverty that traps many women; they are forced to go on and off welfare because the jobs they qualify for do not pay enough to let them survive. Indeed, contrary to stereotypes, women receiving AFDC are not slackers. Forty percent work full time or intermittently but remain desperately poor (Greenberg, 1993). As hard as they try, without the proper training, which we believe a postsecondary education provides, it often is impossible to improve their families' economic status.

Low paying jobs are an ever-shrinking part of the labor pool and the competition for them is increasing, forcing wages down. Among young women (ages 18 to 22) who received AFDC benefits in 1979-1981, 25 percent of those who managed to find jobs by 1990 earned \$4.69 an hour or less and 10 percent earned \$3.97 or less (Burtless, 1994). They would have to work 60 to 70 hours a week, 50 weeks a year, to squeak above the poverty line.

When a woman does get a low-paying job, she still cannot expect her situation to improve over time. Women without a high school degree will see their hourly wages climb only about nine cents from the age of 21 to 29. But women in this age group who have one to three years of college can expect their incomes to increase by 46 cents an hour and to make even greater strides in their 30s (National Longitudinal Survey of Youth and Current Population Survey, as cited in Burtless, 1994).

The JOBS program, the building block of the most recent attempt at welfare reform, was supposed to provide economic independence to AFDC recipients; but JOBS did not reduce the number of those needing cash assistance. From 1988 to 1992 the number of families collecting AFDC increased from 3.7 million to 4.8 million (Burtless, 1994).

Certainly the JOBS program has been underfunded and has only been implemented for a very short time; therefore, it is impossible to evaluate its true potential at this time. However, we suggest that even good job training programs have not always helped women find solid work. Massachusetts' much-touted E.T. Program is a perfect example; despite its success, the income of graduates went from an average of \$6,208 with public assistance to \$6,532 from jobs obtained after completing job-training programs.

This dismal result happens because the programs ignore the impact of sex and race discrimination and the wage gap in the work force and do not aggressively promote training much beyond traditional low-paying "women's work." Instead of providing postsecondary education that is essential to compete in the job market, they opt to find women short-term, minimum wage jobs that provide no benefits, no job security and no potential for growth.

With a postsecondary degree, women spend less time on AFDC and are far less likely to need public assistance again. Several research studies have shown that women who receive AFDC and manage to complete their postsecondary education stand a real chance of earning their own way without needing public assistance again. For example, in New York State, of 158 college students who received AFDC, 100 percent of those with a 4-year degree and almost 81 percent of those with an Associates degree stopped receiving welfare and began earning incomes well above the poverty line: \$23,017 and \$19,738 respectively (Gittell, Schehl, and Fareri, 1990). Studies of AFDC recipients who attended colleges in Massachusetts concluded with similar findings (Kates, 1991).

By investing in women who are ready for postsecondary education, government can gradually shrink the number of its welfare recipients and devote more resources to addressing the crushing burdens faced by other women receiving AFDC -- who may be living lives of chaos and dysfunction caused by sexual and physical abuse, homelessness, drug use, inferior educational opportunities, psychological problems, and lack of hope for their futures.

To break out of welfare poverty, low income women must have education and job training that prepares them for higher paying employment, and that -- in the 1990s -- requires a solid postsecondary education. In fact, at least half of all new jobs by the year 2000 will require a college degree (Kates, 1991). However, to date, most job training and educational assistance programs have failed to make postsecondary education a focus or even a serious option.

Eliminating Barriers to Postsecondary Education

With the passage of the Family Support Act of 1988 and the implementation of the JOBS (Job Opportunities and Basic Skills Training) Program, opportunities in higher education for low income women expanded somewhat, but serious limitations were created by many states. We submit that there will be a continued need for active federal leadership to encourage states to pursue this very logical path to self-sufficiency. As the Committee reviews the proposed changes to AFDC, we ask that you avoid a myopic focus on short term fixes that might temporarily reduce AFDC roles. Instead, we ask you to consider how to help women really change their economic prospects through postsecondary education.

Block Grants: A Loss of Needed Federal Leadership

The Center asks the Committee to carefully consider what will happen to the support systems needed to help women receiving AFDC benefits pursue postsecondary education if the AFDC program becomes a block grant to states. States often are forced to focus on short-term solutions; but the federal government can provide leadership and incentives to keep postsecondary education an option for women on AFDC. Although all 50 states permit postsecondary education for AFDC recipients, a recent study of 32 states (Kates, 1993) found considerable differences in how the states provide access to postsecondary education. These differences include length of time allowed to complete college, interpretation of the 20 hour rule, conflicts between public assistance and college financial aid, and coordination with other state agencies, including the Departments of Education and Labor. We urge you to ensure that women in all states have the opportunity to pursue postsecondary education, by setting federal standards and guidelines for the states to follow.

For example, states' interpretation of the 20 hour rule, which requires recipients to participate in a JOBS approved activity for 20 hours each week, is a major barrier preventing qualified AFDC recipients from enrolling in college. When strictly enforced, the 20 hour rule would require a student to be enrolled in 20 hours a week of classroom activities, which is substantially more than the 12 to 15 credits that most full time students take. While Dr. Kates 1993 survey of 32 states found that most were flexible in their interpretations, a full 41 percent were not flexible. The states that were flexible counted such activities as studying, writing papers, taking exams, attending labs, and meeting with professors as part of the 20 hours, reflecting an understanding of what the college experience is all about. But states with a strict interpretation required women to engage in additional JOBS approved activities such as work-study or community work experience.

Inflexible Work Requirements and Lifetime AFDC Time Limits

For women like Amy Hendricks who are ready, willing and able to pursue postsecondary education, the "Personal Responsibility Act," is a guarantee of failure because it would establish inflexible work requirements and lifetime AFDC time limits. First, the current 20 hour rule (already a barrier for women in many states) would become a 35 hour rule with no realistic provisions for a woman who wants to pursue postsecondary education to lift her family permanently out of poverty. A simplistic, inflexible work requirement of 35 hours will serve to reinforce the impact of sex discrimination and the wage gap in the work force by leaving poor women stuck once again in the few low-wage, insecure jobs that they can compete for successfully without a postsecondary education.

Second, a two-years-and-you're-out time limit makes it impossible for AFDC recipients to complete either a four-year college degree or a two-year technical or Associates degree. Under the current program, 66 percent of the states impose restrictions on AFDC recipients -- limiting their choice of college, course of study, and length of time to complete their studies (Kates, 1993). Imposing strict time limits of two years for an Associates Degree and four years for a Bachelors Degree is shortsighted and unfair, given that less than 16 percent of traditional students (18-22 year olds) complete these programs in two years or four years.

The Center for Women Policy Studies urges the Committee to reject principles that embrace strict time limits for moving AFDC recipients off welfare. If long-term employment and economic independence for AFDC recipients is the goal, then the cheap quick-fix attraction of a two or even a five year time limit is not the answer. Nothing will take the place of providing low income women with opportunities to obtain solid educational credentials.

In addition, under H.R. 4, states must meet steadily escalating work program participation requirements. To meet these

requirements, states will be forced to find women short-term, minimum wage jobs that provide no benefits (such as health insurance), no job security and no potential for growth. Low income women, like other displaced workers, need preparation for vocations and careers that are as lucrative as possible. Even with additional education, women cannot become economically strong unless they can avoid being trapped in the lowest paid of the low wage jobs in the service sector (such as child care, nursing home aides, and custodial jobs) which not only pay the least but also offer fewer, if any, benefits and career ladders.³ Unfortunately, states often find these types of slots the quickest and easiest to create when they are faced with escalating work program participation requirements.

The federal government must provide guidelines for the states that ensure that flexibility is provided for the many AFDC recipients, like Amy Hendricks, who are trying to take "personal responsibility" for their futures by earning the postsecondary degrees they will need to compete in today's job markets. Our current welfare system places substantial barriers in their paths. We ask this Committee to eliminate those barriers and create a welfare reform package that respects and values the efforts that poor women are making -- against overwhelming odds -- to move from welfare to educational attainment and work.

Making Children and Families Ineligible for AFDC

We urge you to reject the punitive mandates in H.R. 4 that would require states to deny aid to children and families in a range of situations. The Center opposes any provisions that would deny benefits to: 1) children born into families receiving AFDC; 2) children whose paternity has not been officially established by the state; and 3) children of unmarried teenagers. Each of these child exclusion provisions will simply make it more difficult for women to lift their families out of poverty.

Extensive social science research has clearly established that a woman's decision to have a child is complex and influenced by many factors; the availability of AFDC, however, is rarely the controlling factor. These provisions are misguided attempts to change a trend in our society that is not confined to low income women. But each provision will have serious adverse consequences for women struggling to improve their lives. As you add layers of economic adversity and punishment, you will diminish a woman's ability to imagine a better future for herself and her children and to transform that vision into a real effort to achieve economic independence.

In conclusion, the Center for Women Policy Studies recommends that, at a minimum, all welfare reform proposals be carefully evaluated in terms of their ability to provide a long-term self-sufficient future for low income women and their families. A postsecondary education is a proven strategy that moves women off welfare permanently and breaks the cycle of poverty for women and their children. Therefore, the Center urges you to reject any welfare reform proposal that does not increase the opportunities for women to successfully pursue a postsecondary education.

Thank you.

³ The issues of minimum wage increases, pay equity, and strategies to upgrade low-wage work also must be addressed.

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Ms. DUNN. Thank you very much, Ms. Wolfe.
Next is Ms. Archambault.

**STATEMENT OF CHARLEE ARCHAMBAULT, JOBS PROGRAM
MANAGER, ROSEBUD SIOUX TRIBE, ROSEBUD, SOUTH
DAKOTA, ON BEHALF OF THE INDIAN AND NATIVE
AMERICAN EMPLOYMENT AND TRAINING COALITION**

Ms. ARCHAMBAULT. My name is Charlee Archambault. I am a member of the Rosebud Sioux Tribe. For the past 3 years, I have been the JOBS director there. I would like to thank the Committee for the opportunity to testify on behalf of my own tribe and the Indian and Native American Employment and Training Coalition, an information network linking Indian employment and training programs throughout the United States.

I know that Rosebud is not a place that many of you guys think about. It is in the south-central part of South Dakota.

I would like to mention a few of the highlights of our JOBS Program there. All of our JOBS Program participants show responsibility in their own families and in the JOBS component from which they receive services.

At the current time, we have participants in the following educational components: One, English as a second language. Our native language for many of our people is Lakota. We have an educational preparation program. We have vocational and other post-secondary programs through our tribe's community college. The JOBS Program does not place participants in on-the-job training slots unless there is a guarantee of permanent employment for the participants.

At the current time, we have 55 people who are participating in these two components. We have had permanent employment for 153 of our JOBS participants over the last 3 years. Please remember that we have made these 153 job placements of AFDC recipients in an area where the joblessness rate for Indian people is over 88 percent.

One of our major concerns with child care is that it goes through the State. Our Indian people that are on AFDC and that we are placing in employment positions, are not receiving child care through the State as they should.

We are not in support of block granting. With this in mind, we would like to continue to get our funding directly, and not have it go to us through the State because of some of these problems that we have had with child care. That is one of our recommendations. The program should be, like I said, directly funded through the Federal Government to the tribal governments and be controlled by tribal governments.

Also, one of our recommendations is support for economic development to help our tribes create new jobs, particularly for employable people now dependent on welfare.

I guess with this, I thank you from the goodness of my heart.
[The prepared statement follows:]

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Prepared Statement of

Ms. Charlee Archambault, JOBS Manager, Rosebud Sioux Tribe

My name is Charlee Archambault. I am a member of the Rosebud Sioux Tribe. For the last three years I have been the Director of the tribe's Job Opportunities and Basic Skills program.

I thank the Committee for the opportunity to testify on behalf of my own tribe and the Indian and Native American Employment and Training Coalition, an information network linking Indian employment and training programs throughout the United States.

When people in Washington, DC think about welfare, they probably don't think about Rosebud, South Dakota. Let me tell you a little about Rosebud and why we are as interested in welfare reform as anyone else in the country.

Rosebud is a community in Todd County in south central South Dakota. The area is very rural. We are a three hour drive from Rapid City in one direction and a five hour drive from Sioux Falls in the other direction. These are the only two metropolitan areas in the state.

Rosebud is also the administrative center for the Rosebud Sioux Indian reservation. Our land covers all of Todd County and parts of several nearby counties -- over 2,000 square miles in all.

There are almost 19,000 members of the Rosebud Sioux Tribe, most but not all of whom live on the reservation.

We are a people rich in tradition and proud of our heritage. At the same time, economic conditions have not been generous to us.

- * According to the latest available data from the Bureau of Indian Affairs, 88% of our people that could work can't find jobs.
- * According to the 1990 Census, 60% of the Indian people on our reservation live in poverty.
- * According to the same source, 22% of our people are in overcrowded housing. One third of our housing units are not connected to a community water system.

With conditions such as these at Rosebud and similar -- in some cases even worse -- conditions on other Indian reservations in the state, AFDC is all too important a factor to our people.

The federal Department of Health and Human Services says that statewide, in both reservation and off-reservation areas, over 51% of the families and 55% of the children on AFDC in South Dakota are Indian families and Indian children.

On the Rosebud reservation, the AFDC caseload includes 565 adults and 1,157 children.

The Rosebud Sioux Tribe considers the poverty confronting our people a tragedy. We want jobs, not welfare.

The Family Support Act of 1988 provided our tribe and others around the nation an opportunity to launch a program to reduce the AFDC caseload on our reservation. The law enables Indian tribal governments and Alaska Native organizations to receive direct federal funding to operate a JOBS program.

At Rosebud we started our JOBS program the very first day we could: July 1, 1989. We implemented JOBS before the state of South Dakota did. Other tribes in both South and North Dakota did the same.

I would like to mention a few of the highlights of our tribe's JOBS program.

All of the participants in our JOBS program show self responsibility in their own families and in the JOBS component from which they receive services. At the current time we have participants in the following educational components:

- * English as a second language. The native language for many of our people is Lakota.
- * GED preparation.
- * Vocational and other post-secondary programs at Sinte Gleska University, the tribe's own four-year university.

In August, four participants in our JOBS program will graduate from Sinte Gleska University. We are very proud of them. Their achievements will greatly increase their chances for employment for the rest of their lives.

The JOBS program does not place participants in on-the-job training (OJT) or in a Community Work Experience Program (CWEP) slot unless there is a guarantee of permanent employment for the participant. At the current time we have 55 people who are participating in these two components.

We have found permanent employment for 153 of our JOBS participants over the last three years. Please remember that we made these 153 job placements of AFDC recipients in an area where the jobless rate for Indian people is 88%!

The participants that request job readiness training attend a joint training session with our JOBS staff and the South Dakota County Extension program. This program works exceptionally well since the Lakota culture is an important part of the program, along with job readiness.

We are happy to work with the state of South Dakota's welfare agency. At the same time, our record of accomplishment would not have happened if the program had been left up to the state.

Child care services for JOBS participants are a good example of why services to AFDC recipients in reservation areas should be provided by tribal, not state governments.

The federal government -- HHS -- provides JOBS funds directly to the tribe for employment and training services for AFDC recipients. We have an active program. It reaches our people.

Many of our JOBS participants need child care to participate in education and training activities and to find and keep jobs. But the money for child care goes to the state, not the tribe. We both try to make this arrangement work, but the simple fact is that very few of our JOBS participants who need child care are getting it.

Across the United States, every tribe's story is different. Many of the lessons are similar, however.

AFDC is a major source of income support for Indian and Alaska Native people nationally. On the basis of the available HHS data, the Indian and Native American Employment and Training Coalition estimates that there are about 150,000 to 175,000 Native people on AFDC in reservation areas, former reservation areas in Oklahoma and in Alaska.

While the Bureau of Indian Affairs operates an income maintenance program called "General Assistance," it is considerably smaller than the AFDC program in reservation areas. It does not provide services on reservations in all states. Anyone who is eligible for AFDC or SSI is not eligible for the BIA General Assistance program. And the BIA General Assistance program does not include services equivalent to those available under JOBS.

A total of 77 Indian tribal governments, consortia of tribal governments and Alaska Native organizations currently run JOBS programs. The federal funds involved go directly from HHS to the tribes. The funds do not go through the states, and there is no state matching share requirement.

Under current law, only those tribes that submitted an application during a six-months period in late 1988 and early 1989 are eligible for such direct funding. More would like to participate. The law should be changed to allow all tribes to provide JOBS services to their people on AFDC.

Information from the reports submitted by tribes to HHS shows that an average of 5,000 Indian AFDC recipients in reservation areas receive JOBS services in an average calendar quarter.

Perhaps the most amazing aspect of the data available on our programs is the number of job placements. In Fiscal Year 1993, over 2,000 tribal JOBS participants nationally entered employment. This happened despite an overall jobless rate on all reservations of over 50%.

The tribal JOBS program is the centerpiece of our efforts at Rosebud to move our people off AFDC and into employment. The same is true of other tribes.

We would like to make several basic recommendations on how to move more Indian people off welfare and into work.

1. Federal law should continue to authorize a special employment and training program which enables Indian tribal governments and Alaska Native organizations to reduce welfare dependency in our communities.
2. This program should be directly funded by the federal government to tribal governments and be controlled by tribal governments.
3. The authorization and direct federal funding for this program should cover:
 - a. The full range of employment and training services.
 - b. All related child care services.
 - c. Costs related to providing employment slots during the time a person receives AFDC benefits, and afterwards for those who cannot find other jobs.
4. Funding for these services at an amount equal to not less than 2% of the amount provided to state governments for these services.
5. Administrative streamlining for this program. In particular, it is essential that we be allowed the continued use of any funds allocated to us but not obligated by the end of a Fiscal Year. The one-year, use it or lose it provision in current law has resulted in the shutdown of tribal JOBS programs at the beginning of every Fiscal Year.
6. Support for economic development to help our tribes create new jobs, particularly for employable people now dependent on welfare.

In this testimony my primary concern has been the JOBS program – moving our people off welfare and into work. At the same time, my experience with the AFDC system prompts me to speak briefly about several other issues which the Committee has under consideration.

- * The role of tribal governments in relationship to state AFDC programs.

State welfare agencies run AFDC. Tribes are limited to providing employment and training services under the JOBS program. However, state decisions about AFDC have a very real impact in reservation areas. They also affect a number of other programs, most run by tribes and not states. State-initiated changes in AFDC, such as the ones now in effect in South Dakota, can have very adverse impacts on our people. Such state initiatives never seem to take the needs of Indian tribes into account. At the least, state welfare agencies

should be required to consult with tribal governments before initiating changes which impact AFDC recipients in reservation areas.

- * Time limits.

The time limits on AFDC benefits proposed by President Clinton, as well as those being considered in the Congress, assume that there are jobs available for AFDC recipients. On Indian reservations this is simply not a realistic assumption. There should be exceptions from time limits for rural areas with very high levels of unemployment, including Indian reservations.

- * Related programs.

JOBS and other services for AFDC recipients are only one way of assisting families until they have a chance to become self-sufficient. The various food and housing programs, including the commodity food distribution program operated on many reservations, are also vital. They must be continued and remain tribally administered.

It is particularly important that a full range of social services be available for those on-reservation Indian people that need them. A person should not have to go on welfare to receive such services. The Title XX Social Services Block Grant has the capability to support programs that can keep people off welfare. However, Indian tribal governments do not receive direct funding under this program and, with few exceptions, get little support through the funds given to state governments. At least 3% of Title XX funds should be reserved for tribal social services programs.

- * Child support enforcement.

Federal law currently provides no role for tribal governments in this area. This has created serious jurisdictional conflicts between tribal and state courts. It has been a major subject of a Congressionally-mandated review of the interstate aspects of child support enforcement. Federal law should recognize the role of tribes as sovereign nations with a direct government-to-government relationship to the federal government. Tribal programs should be encouraged, along with cooperative tribal-state programs that recognize the interests of Indian families. We encourage the Committee to seek the recommendations of the Task Force on Child Support Enforcement created by the nation's largest intertribal Indian organization, the National Congress of American Indians.

That concludes my prepared statement. I would be pleased to respond to any questions the Committee may have on these issues. Thank you again for the opportunity to testify.

Ms. DUNN. Thank you very much, Ms. Archambault. Thank you very much for your testimony.

Mr. Pitts.

**STATEMENT OF T. MICHAEL PITTS, EXECUTIVE DIRECTOR,
CHILDREN'S RIGHTS COUNCIL**

Mr. PITTS. Thank you, Madam Chairman. I would like to thank the Chair and the Members of the Committee for the opportunity to appear today.

For the past decade, the Children's Rights Council has been a national organization with chapters in most States dealing with the issues of family formation, family preservation and the problems that arise in families that suffer separation and divorce.

By now, the Members of this Committee are familiar with the infamous petitions which we collect in every one of your districts from Maine to Memphis to Monterey, California, to let you know that your constituents wholeheartedly support welfare reform. I guess the debate today is not whether we think that welfare should be reformed or not. We all know it should be. I guess the question is how.

We have had an opportunity to look over H.R. 4 and in the last session H.R. 4605, which I believe was the President's welfare reform proposal. I think both bring needed reform measures to the table. I guess the one thing that we would like to ask the Committee to take a look at is provisions that are not traditionally taken into consideration.

I agree with my brother at the end of the table who tells us that when we subsidize job entry for welfare recipients, we only displace people already in the work force, much to their detriment. I agree with my sister that education is an important factor in making sure that people have the opportunity to leave the welfare state never to return. Obviously, our goal is not to have recipients leave as they do now, only to return shortly later.

I will make an assumption and stipulate our belief at the Children's Rights Council that everybody on welfare does actually want to work. I have not met too many welfare recipients who fit the role model or the image that they want to stay at home and watch Oprah all day. I find most of them interested in caring for their children and finding productivity and transitioning back into self-reliance.

I think the most appropriate, moral, ethical and cost-effective way to accomplish this goal is to rely on the kinship care network. My legislative interns, Joanna Madrid and Amy Christensen, will now show you a chart which outlines the Children's Rights Council's welfare reform proposal.

Basically, right now people self-certify themselves for welfare. We believe that due diligence ought to be used in an investigation to see if there are members of the child's immediate family, whether it be father, mother, grandparent, aunt or uncle or cousins, that are willing to care for this child, are capable and able to do so without resorting to government assistance. It is the most traditional, ethical, responsible, and I think morally correct way for us to care for these children placed in situations of poverty.

One of the great reasons that women are not able to transition back into the work force is the impediment of child care. Child care is a burden. Most of us know it as a happy burden, albeit, it is still a burden. If we allow the children to be placed with a grandparent, a parent, anybody in the kinship care network, it relieves the responsibility of that recipient parent to pursue secondary education, to pursue job training programs, to do those things that are necessary to transition back into self-reliance.

The question arises then of will there be jobs for them to go to. Well, that is the question for a jobs bill, and I think that the biggest impediment for these people finding jobs is a lack of experience. I think H.R. 4 is correct in personal responsibility of requiring people to find work outside of the house. I think there is no better thing that these people or any of us can learn than personal responsibility and the work ethic, of leaving the home, accomplishing something on a daily basis, building up our self-esteem and allowing our children to see us be responsible, productive and contributing members of society.

Welfare should not be the safety net we are looking for. It should be kinship care. Kinship care provides that safety net. Before the advent of the welfare state and government's intrusion into family life, I do honestly believe that families took care of their own. And where they could not in certain cases, group homes or alternative care was an option, and they can still be good options. But kinship care should be their first and foremost option.

We have been lucky enough to have the assistance of a number of people to give us pro bono time, interns and our staff in preparing this welfare reform proposal which each Member of this Committee and every Member of the Congress has been sent, and we remain ready and willing to work with every Member of either party, of every constituency to bring this to the table, because we do believe that kinship care offers the government an option to get out of family life and allow families to run themselves.

I thank the Committee for the time and remain ready and willing to answer questions and assist you at any time.

[The prepared statement follows:]

TESTIMONY OF T. MICHAEL PITTS
EXECUTIVE DIRECTOR - CHILDREN'S RIGHTS COUNCIL
BEFORE THE UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON WAYS & MEANS, SUBCOMMITTEE ON HUMAN RESOURCES
FEBRUARY 2, 1995

Mr. Chairman, I am honored to appear before your Committee and am fully cognizant of the momentous task before you. There is really no debate about the problem. Welfare is broken and it must be fixed. The million dollar question seems to be how.

There has been much debate over the stewardship of welfare programs. Whether it is remanded to the states or the federal government is at the helm, certain things must be done. H.R. 4 is a good beginning. So was H.R. 4605 in the 103rd Congress. Both of these bills provide for reform but neither treat the myriad issues that must be address for substantial and substantive reform. Welfare reform must be comprehensive and multi-organizational.

1. Background

Before the advent of the welfare state if parents could not care for their children other family members contributed to the children's support or took care of the children themselves. Government eventually subverted the family support system, which we call the kinship care network, by not only replacing the need for the extended family support network but actually requiring that families split into dysfunctional fragments to be eligible for assistance. True welfare reform must mean a cessation of the government caring for individuals and caring about them enough to allow the family to fulfill their traditional role of supporting themselves. Government need not provide for children while there exists capable and willing family members to care for the children without resorting to government assistance.

2. CRC's Multi-Organizational Welfare Reform Position:

There is widespread agreement that the current welfare system is destructive to the families that it was intended to help. Despite its good intentions, the government has made a devil's bargain with the poor -- "We will give you money as long as you continue to neither work nor marry." Current programs and many reform proposals are patronizing. They assume that large classes of citizens are simply too stupid and incompetent to make any current or near term contribution to their own support. Real welfare reform requires recognition that there is no respect for the individual unless there is respect for the individual's labor.

3. "Making Work Pay": Rhetoric and Reality:

Work always pays and there is always dignity in work. Our problem is that we have established a parallel system under which non-work often pays better. Most law abiding citizens work 40 to 45 years to qualify for a social security benefit that is smaller than a teenager's welfare package. Many welfare recipients are not unemployed, they are prematurely retired. We have long recognized that Social Security rules discourage paid employment among welfare recipients. The cornerstone of welfare reform must be respect for the importance and dignity of work. Except for the small number of people who are genuinely unable to make any contribution to their own needs, welfare must be a supplement, not a substitute for work.

Welfare reform requires attention to four areas: responsibility, paternity, accountability, and eligibility.

a. Responsibility

Responsibility should be immediate, mandatory and universal. Beginning immediately with entry into any welfare program, every recipient should be required to devote 40 hours per week to some combination of job search, training and work with a strong emphasis on work. Actual work experience is generally the best training for advancement in the work place. An immediate, universal work requirement also eliminates the "no job" option and encourages serious search efforts for the best available job.

The work requirement can be satisfied by private employment or by unpaid public service in exchange for receipt of the welfare benefit. Work programs should not discriminate against the non-welfare working poor. Vouchers and other special incentives to hire welfare recipients create the risk of displacing other workers. We should not support programs that have the unintended consequence of encouraging people to enter welfare as the path to job preferences. Community service jobs (e.g. assignment to charitable organizations) provide benefits to the community and training to the employee at little or no government cost. Many of the current, unmet needs of communities can be satisfied by this new pool of labor as a supplement to, rather than a substitute for, current employees.

All programs must be open to and end the current discrimination against two parent families. In two parent families, at least one parent must satisfy the 40 hour requirement.

Welfare reform should also begin the process of examining barriers to entry-level job creation. Many worthy tasks in society are not performed because the total cost of obtaining labor, including regulatory and record keeping burdens, exceeds the value of the service. We need to examine the extent to which willing workers have been priced out of the market by government mandates.

Parents should continue to receive transitional benefits when they start to work in the form of purchase of care vouchers for licensed child care. As discrimination against two parent households is eliminated, a greater number of children will have access to child care from both parents. Finally, a portion of the community service assignments can be made to child care organizations to increase the available supply at little or no incremental cost. The Head Start Program already utilizes large numbers of low income parents who begin as unpaid interns and progress to paid staff and supervisory positions.

b. Paternity

Current policy fails to distinguish between "runaway", "throwaway" or "driven away" parents. The federal government spends approximately two billion dollars per year on child support enforcement but purposefully and consciously excludes fathers from all parent-child programs. Under current Aid to Families with Dependent Children (AFDC) rules, the low income father who wishes to be a physical and emotional asset to his children also becomes a financial liability by disqualifying them from most assistance. Research conducted by Health and Human Services (HHS) itself confirms that both mothers and fathers distrust the bureaucracy and work jointly to conceal paternity. We cannot be surprised by low income parents who separate or conceal paternity when our policies make such behavior the economically rational course. A work requirement for single parents and an end to discrimination against two-parent households will change the dynamics of paternity establishment.

Eligibility for all federal programs should require establishment of paternity, beginning with eligibility for the Women, Infants, and Children (WIC) program. That program itself must be revised to develop and encourage the roles of fathers.

Paternity establishment forms in hospital programs should encourage the parties to voluntarily establish custody and visitation as well as financial support. Avoidance of poverty and welfare dependence is directly linked to father involvement. Child support compliance exceeds 90 percent in joint custody families. Child poverty rates and welfare dependency rates are much

lower in father custody families than in mother custody. Women's workforce participation and economic security are increased in joint custody and father custody families.

c. Accountability

AFDC and other programs are intended for the benefit of the dependent children. Adults receive the benefits and are expected to participate in the programs in support of the children's needs. Failure or refusal to participate in required programs or to spend the cash payments for the benefit of the children should be seen as evidence of child neglect or abuse. Such evidence should weigh heavily in determining whether it is in the best interests of the child to transfer custody to a more responsible relative or to consider a foster care placement. Prior efforts at reform have been reluctant to impose sanctions upon uncooperative and irresponsible adults because of a fear of "punishing the child." The reality is that current policies allow children to be held hostages to guarantee continued subsidy of adult irresponsibility.

All recipients should be required to reimburse the value of benefits received. Currently, child support paid by non-custodial parents is used for reimbursement after a \$50 per month waiver. The custodial parent should have the obligation to reimburse one-half of the welfare payments made on behalf of the child and each adult should have the obligation to reimburse benefits paid on behalf of that adult. Many welfare recipients require only short term assistance and that assistance can fairly be treated as a loan or a line of credit rather than as a grant. A uniform reimbursement requirement also encourages all recipient to minimize the period of dependency, take no more benefits than are required, and resume paid employment at the earliest possible date. Community service should be counted toward the reimbursement obligation but should be valued at a level that does not compete with the attractiveness of paid employment.

d. Eligibility

Under the law of each state, parents have an obligation of financial responsibility for their minor children. If the minor children themselves become parents, the minor parents should continue to be the obligation of their own parents. Accordingly, the birth of a child to minor parents may create a requirement for welfare assistance to the new infant but does not create a requirement for assistance to the minor parents unless their own parents are unable to supply the required support. Minor parents must live with or at the expense of their own parents. Payments on behalf of the new infant should be made to the parents of the minor parents as their guardians.

Welfare payments should be limited to citizens and immigrants with refugee status only, to prevent the perverse microeconomic incentive of giving welfare to immigration law violators.

Income based eligibility standards should consider both the income of the parents and any resources that are voluntarily available from the kinship network.

Fraud must be addressed as a serious matter. Welfare benefits are based on the applicant's self-reporting of available income. If welfare fraud has concealed additional income, welfare eligibility must be recalculated, at a minimum, to include the demonstrated capacity for self support. Other fraud reduction mechanisms including electronic transfers and improved identification verification must be adopted.

The Earned Income Tax Credit (EITC) must be modified to reduce the incentive and opportunity for strategies such as over-reporting of income to maximize benefits and to reduce discrimination against two parent families. Currently, many working class couples are ineligible for EITC, but simply by splitting into two dysfunctional fragments, both become eligible.

4. Welfare Reform Through Kinship Care

There is broad consensus that welfare dependency is not in the best interests of children. Recent legislative initiatives have begun to examine structural flaws in existing welfare programs. One of the best opportunities for reducing welfare dependency is to be found in the development of more thoughtful eligibility criteria to better identify the children who are actually in need of welfare assistance.

Currently, most welfare programs look only at the cash income of the custodial single parent without regard to the availability of voluntary kinship or extended family assistance. The attached proposal provides that welfare eligibility should be determined by examining all resources that are available voluntarily through the child's kinship network.

The proposal does not relieve the child's parents of their obligations nor does it impose new obligations on other relatives. Only voluntary kinship assistance is considered.

Examples:

Adolescent mother lives with her parents. The parents have a legal obligation to support their adolescent daughter and are willing to care for grandchild while daughter completes school or work. Welfare dependency is not in the best interests of the child and eligibility should be denied.

Aunt and uncle are willing to provide child care while custodial parent works. Welfare dependency is not in the best interests of the child and eligibility should be denied.

Brother is willing to care for child of drug abuser with or without change of custody/guardianship. Welfare dependency is not in the best interests of the child and the eligibility should be denied.

Whenever a parent applies for welfare eligibility before eligibility is certified the government must require that the applicant disclose the names, addresses and telephone numbers of all members of the kinship care network. This works hand-in-hand with paternity establishment and must include the paternal kinship care network as well as the maternal network. Simple notification to these family members by mail stating that welfare benefits have been applied for in the name of the child(ren) will allow these family members to notify the court that they are available, willing, and able to care for the child without resorting to government assistance. This will cut down dramatically on the amount of tax dollars spent needlessly on children who already have family willing to support them.

All of this will accomplish government's stated goal of encouraging family preservation by extending and reinforcing a child's kinship care network as well as keeping the child from entering the too often multi-generational dependence cycle that is so destructive to both human spirit and development.

Copies of CRC's Multi-Organizational Welfare Reform Position have been sent to every Member's office. I recommend that this position be included in every welfare reform proposal as it is the most ethical, moral and workable solution on the table today. Much more than that, CRC's position is child and family friendly.

There is much rhetoric today about personal responsibility and paternity establishment being punitive to children. It cannot be said that the Children's Rights Council's Welfare Reform Through Kinship Care Position "punishes" children. In fact, reinforcing a child's access to every member of their family, living in self-sufficiency without government assistance, and witnessing and developing a solid work ethic while contributing to our society is everything but punishment. Welfare not only fails to foster any of these things, it poisons almost every one of them. It is America and family at their best. No child ever suffered from too much good parenting, too much love, too much family support or good work ethics and sense of self reliance.

Ms. DUNN. Thank you, Mr. Pitts. That is a great offer to be a resource for us.

We will move next to Cynthia Newbille, who is executive director of the National Black Women's Health Project.

**STATEMENT OF CYNTHIA I. NEWBILLE, EXECUTIVE
DIRECTOR, NATIONAL BLACK WOMEN'S HEALTH PROJECT**

Ms. NEWBILLE. Good afternoon, Madam Chair and Members of the Subcommittee.

I am Cynthia Newbille, and I am executive director of the National Black Women's Health Project. We are a national and international self-help and health advocacy organization committed to the empowerment of black women. We currently have membership in 42 States.

I appreciate the opportunity to testify before your Subcommittee on the issue of welfare reform. As an organization that serves the needs of black women, we see firsthand how problems such as poverty, unemployment, and welfare affects the lives of black women and their families. I certainly commend you for attempting to tackle this important issue.

As your Subcommittee prepares to take up welfare reform legislation, I would urge you to think of women and families who will be affected by your decisions. Much of what the general public believes about public assistance is based on myths and stereotypes about welfare recipients. Black women have largely borne the brunt of these misperceptions.

For this reason, I believe that it is imperative for you to listen to the perspectives of low-income women in your discussions about legislation impacting their lives. We work directly with low-income women, many of whom are welfare recipients. Based on this firsthand knowledge, we know that this proposal will not work. I am sure that you share my belief that the welfare system as it exists today does not encourage self-sufficiency among recipients. However, we cannot blame women and children for the problems of a system which disempowers and punishes women and perpetuates their dependency.

PRA attempts to legislate the behavior of poor women. Child exclusion policies deny benefits to all out-of-wedlock children born to teen mothers, children born to mothers already receiving welfare, and would deny benefits to children whose paternity has not been established. These policies are predicated on false and demeaning stereotypes fueled by ignorance and racism.

There are two common stereotypes about women who receive welfare. One, women on welfare have additional children to receive an increase in AFDC benefits. To suggest that any woman would go through 9 months of pregnancy and then childbirth to receive an additional \$30 to \$100 per month is absolutely ridiculous. This minimal amount of money is not enough to support a baby, and it is certainly no incentive to have one.

Another stereotype about welfare recipients is that women who receive welfare benefits are more likely to have children and are likely to have larger families. Both are untrue. Studies indicate that women on welfare are less likely to get pregnant than

nonrecipients. Also, welfare families average fewer children than other families in the United States.

Conservatives are fond of saying that the current welfare program does not promote family values. The PRA assaults the very tenets of family values by encouraging the institutionalization of poor children, increasing homelessness by denying housing benefits to poor families, and promoting hunger by reducing food and nutrition programs.

If we are to have a society that truly values families and children, regardless of their economic status, we must acknowledge that families need basic necessities like food and shelter to survive. The PRA does not provide basic necessities. As a Nation that values its families and children, this is the very least that we should expect from any welfare proposal passed by Congress.

NBWHF has recently conducted focus groups with current and former welfare recipients in Ohio, Louisiana, Pennsylvania and Georgia. I would like to share with you the life experiences of one of those women. I will refer to her as Miriam.

Miriam is a young black woman residing in Georgia. She was a teen mother. She had one child due to failed contraception. Since Georgia only provides abortions in cases of rape, incest or life endangerment, she was not eligible for abortion services. Miriam spent 4½ years on welfare. The last 3 years, through her own initiative, she participated in our self-help empowerment program. She became employed and is currently an MIT fellow, specializing in community development. Miriam will return to Georgia as a productive contributing citizen. Under PRA, Miriam would not have been eligible for welfare benefits. As a result, she would have been perpetually stuck in a cycle of poverty.

Legislators have attempted to address welfare reform issues for the past 60 years. In those 60 years of failed social experiments on the poor, welfare recipients have rarely been asked what they need. There is no magic solution for poverty, unemployment or welfare dependency. However, as a first step, Members of Congress must develop policies that facilitate the empowerment of women so that they can become self-sufficient. The PRA does not promote self-sufficiency or the empowerment of women.

Many of our recommendations for welfare reform legislation may not be politically popular or expedient, but they must be seriously considered as suggestions to current legislative proposals.

Ms. DUNN. Have you concluded, Ms. Newbille?

Ms. NEWBILLE. Not really.

Ms. DUNN. Why don't you take another couple of sentences and then wrap things up.

Ms. NEWBILLE. Thank you. I just have one last thing to say.

If we pass this current piece of legislation as it exists, I would suggest to you that we will no longer have to tune into late night television to observe stories about starving women and emaciated children in underdeveloped countries. In fact, all we will have to do is step outside our front doors and we will see plastered across this country's landscape poor women and children on the streets of America starving.

Thank you.

[The prepared statement follows:]

**TESTIMONY OF CYNTHIA L. NEWBILLE
NATIONAL BLACK WOMEN'S HEALTH PROJECT**

Good afternoon, Mr. Chair and Members of the Subcommittee. I am Cynthia L. Newbille, Executive Director of the National Black Women's Health Project (NBWHP), a national self-help and health advocacy organization committed to the empowerment of Black women through wellness education.

I appreciate the opportunity to testify before your Subcommittee today on the issue of Welfare Reform Legislation. As the Executive Director of an organization that primarily serves the needs of Black women, I see first hand how problems such as poverty, unemployment and welfare have impacted the lives of Black Women and their families. The Center for Black Women's Wellness, established by NBWHP and based in three Atlanta area housing projects, was designed to address the special concerns of low-income women. This program provides wellness education, self-help group development and social service information and referrals.

I certainly commend you for attempting to tackle this important issue. As your Subcommittee prepares to take up welfare reform legislation, I would urge you to think of the women and families who will be affected by your decisions. Much of what the general public believes about public assistance is based on myths and stereotypes about welfare recipients. For that reason, I believe that it is imperative for you to listen to the perspectives of low-income women in your discussions about legislation impacting their lives and the lives of their children.

Welfare was originally designed to provide an economic safety net for low-income women and children. Unfortunately welfare reform proposals that have been introduced at the federal and state level have targeted and penalized the individual instead of attempting to rectify the failures of the welfare system. I believe that the Personal Responsibility Act (H.R. 4), the welfare reform proposal being debated by this Subcommittee is a classic example of the types of proposals we have witnessed over the past several years.

I am sure that many of you on this Subcommittee share my belief that the welfare system as it exists today, does not encourage self-sufficiency among recipients. However, I refuse to blame women and children for the problems of a system which perpetuates their dependency.

Mr. Chair, certain Members of Congress have claimed that the current welfare system, encourages out-of-wedlock births, crime, drug use and most other societal ills. The first two pages of the Personal Responsibility Act (PRA) state these facts.

NBWHP works directly with low-income women who are disproportionately welfare recipients. Based on this first hand knowledge, I know that this proposal will not work. No matter how much we might want to legislate, drug use, crime and poverty, these matters reflect human conditions that are simply too complex to eliminate through legislation. Congress cannot legislate human behavior nor should it attempt to; PRA attempts to change the behavior of welfare recipients.

The Personal Responsibility Act will have a devastating impact on the women and children served by current welfare programs such as Aid to Families with Dependent Children (AFDC), public housing programs and the Food Stamp Program. I would implore you to keep these women and children in mind as you are debating welfare reform legislation.

I. PROBLEMS WITH THE PERSONAL RESPONSIBILITY ACT

The years of anti-poor anti-welfare rhetoric have had a devastating effect on the public's perception of women who receive welfare benefits. African American women have largely borne the brunt of these misperceptions.

President Clinton campaigned on a pledge "to end welfare as we know it." His statements on overhauling the welfare system spawned debate on welfare policies at the state level and prompted hearings and legislation on welfare reform

in Congress. Last year, the Clinton Administration offered a welfare reform plan that would restrict the benefits of women and children on welfare. This plan set the tone for debate on welfare reform.

The Personal Responsibility Act, introduced this session by House Republicans, moved the debate on welfare reform dramatically to the right. It is the most restrictive welfare reform proposal introduced in Congress thus far. Major provisions of the bill include:

Child Exclusion Policies

Family Caps. All out-of-wedlock children born to mothers already receiving welfare would be ineligible for welfare benefits. This policy includes children who were conceived while the mother was working, but who were born while the mother was receiving welfare.

Child exclusion policies are based on two stereotypes about women who receive welfare, 1) Women on welfare have additional children to receive an increase in AFDC benefits; 2) Women receiving welfare have larger families than the average American family.

To suggest that any woman would have a child to receive an additional \$30-100 per month AFDC benefits is ridiculous. This minimal amount of money is not enough to support a child, and is certainly no incentive to have one. This policy attempts to coerce poor women's family planning decisions by denying their newborn children benefits. Child exclusion policies or family caps hurt the children of already impoverished families by denying them resources to survive.

In addition, the policy suggests that women who receive welfare benefits are more likely to have children while receiving welfare benefits. This is also untrue. Studies have indicated that women on welfare are less likely to get pregnant than non-recipients. Moreover, the average welfare family has less children than other families in the United States. Currently, forty-two percent of AFDC families have only 1 child. Thirty percent have 2.

Women have children (rich or poor) for a variety of reasons. Women, regardless of their economic status, often become pregnant while taking every precaution available to them. Accordingly, women who receive AFDC benefits should not be denied the same rights guaranteed to most other women in America -- the freedom to have complete autonomy in making family planning decisions.

Refusing Aid For Unmarried Teenaged Mothers and Their Children. Children born to unmarried teenagers under the age of 18 will be permanently ineligible for AFDC and housing assistance. States will have the option of extending the age of ineligibility to 20.

PRA emphasizes out-of-wedlock births among teenagers as a major cause of welfare dependency. Teen pregnancy has often been unfairly characterized as the main reason for welfare dependency and poverty among women. While it is certainly important to prevent teen pregnancy it is not the main cause of poverty and welfare dependency among women. Welfare dependency is caused by an array of reasons such as unemployment, lack of employment skills or education, lack of child care etcetera.

Blaming teenagers for welfare dependency and poverty also cannot be substantiated since few welfare recipients are teen mothers. Of 4,375,000 welfare households, only 8.1% are headed by teen mothers. Minors, or those under the age of 18 make up less than 1.2% of the 8.1% of welfare households headed by teenagers.

Since the PRA would unfairly deny benefits to those teenagers who have children out-of-wedlock, this proposal tacitly coerces teens into marriage. While there is

certainly evidence which suggests that children are better off in families with fathers than without, there is no evidence which suggests that welfare is the primary reason for out-of-wedlock births.

Paternity Establishment Requirements. All children for whom paternity has not been established will be denied AFDC. Since there are no requirements for the father to participate in paternity establishment, children can remain ineligible for AFDC even if the mother fully cooperates with the state by providing information on the father.

According to the Center on Budget and Policy Priorities, paternity establishment requirements would deny benefits to 29% of children currently receiving assistance. As I am sure that most of you are aware, many states are currently overburdened with paternity cases now. This new requirement would place an additional burden on many states who are already ill-equipped to deal with the cases they have. Moreover, since children will not be eligible for benefits until after paternity establishment, poor families, particularly poor children, will have to do without food, without housing, without shelter until the state completes its paperwork and investigative requirements.

This provision also discriminates against poor women, since it is only required of women who are receiving AFDC benefits. It is voluntary for all other women whose child support awards are being enforced by the state. The NBWHP would recommend that states strongly encourage women to help establish paternity. However, there should not be a two-tiered system of child support enforcement requirements for women who are receiving welfare benefits and those who are not.

Establishment of State-Run Orphanages

States will have the option to use money "saved" from denying assistance to poor mothers and children, to establish state-run orphanages, foster care programs and adoption assistance programs.

This is probably the most disturbing provision of the PRA. This provision, belies the hypocrisy of this welfare reform proposal. While the PRA emphasizes responsibility, self-sufficiency and "family values" its "tough love" provisions will instead lead poor families to give up their children because of destitution.

Orphanages are full of children who have been abused or neglected by their parents. That is why orphanages were created. They were not created to house children who have families that love and care for them. This provision is an assault on poor families. Instead of giving minimal assistance for poor families to stay intact, the federal government would give money to orphanages with this proposal. This is not the kind of "tough love" most Americans want to see.

Life Time Limits for Receipt of Benefits and Participation in Work Programs

States will have the option to cut off AFDC benefits to families after 2 years. States must limit welfare and workfare benefits to 5 years. Both of these time limits include participation in work programs of at least one year. After reaching the time limit, a family will be permanently ineligible from receiving AFDC benefits. Children living with grandparents on Social Security will also be subject to the states' time limits for AFDC.

All AFDC recipients will be required to work 35 hours per week. There are no exemptions from this requirement. Parents with infants or disabled children are required to work even though this bill has no childcare provisions.

The major flaw of this provision, is that it does not address the issue of unemployment. Unemployment is one of the major causes of welfare dependency.

If there is no mechanism to ensure that the poor will have an economic safety net when there are no jobs in their state or community, life time limits on benefits and work requirements are unreasonable and cruel.

"Gag Rule" on Abortion Counseling and Services

Savings generated by cuts to welfare programs can not be used to fund programs that provide counseling on abortion, or to fund abortion services. Despite bipartisan opposition to past "Gag Rule" legislation, this provision would prevent health providers who receive federal funding from giving women full and accurate information about their health decisions.

Women have a right to full information about health services that are legally available to them. The federal government must not interfere with a woman's right to have full information about all health options and services available to her.

Cuts in Aid to Families

The PRA would demand drastic cuts in AFDC, the Special Supplemental Feeding Program for Women Infants and Children (WIC), the school lunch program and other programs designed to help the poor. PRA merges the food stamp program, WIC and the school lunch program in to one block grant. This block grant will be placed several billion dollars below current funding levels, thereby drastically reducing the number of families and children who will have access to these services. The bill would eliminate the "entitlement" status of these programs and would also set a limit on how much could be spent on the block grant each year.

NBWHF is very concerned about any proposals which would block grant AFDC and food programs for the poor. Under block grants, if a state receives significantly less funding than it would have if the program had remained an entitlement, states would be forced to cut resources to the poor. I am also deeply concerned that cuts to programs such as AFDC and food stamps will be the first on the table for annual budget cuts by Congress if these programs are block granted.

IMPACT OF PRA ON POOR WOMEN AND CHILDREN

The PRA will have a devastating impact on poor families, particularly children. According to the Center on Budget and Policy Priorities, over five million children who would be eligible for aid under current law, will be denied assistance under the PRA. As a direct result of the policies under PRA, many families will be unable to provide the basic necessities of food and shelter for their children. Moreover, since cuts will be made to programs that specifically provide food to poor children like the school lunch program and WIC, these cuts portend long term health consequences for America's poor children.

Although the "Contract with America" was introduced under the guise of creating a more "family friendly America", its welfare reform proposal actually encourages the destruction of families. PRA gives states the resources to establish orphanages for poor children, but denies these same benefits and resources to millions of poor families. While we would agree that changes must be made to the welfare system, policies which take benefits from teenaged mothers and their children and deny benefits to children born out of wedlock, do not reform the welfare system -- they destroy poor families.

Conservatives are fond of saying, that welfare does not promote "family values". PRA assaults the very tenets of "family values" by encouraging the institutionalization of poor children; increasing homelessness by denying housing benefits to poor families; and promoting hunger by reducing food and nutrition programs. If we are to have a society that truly values families and children regardless of their economic status, we must acknowledge that families need a

safety net of basic necessities, including food and shelter, in order to survive. PRA does not provide this safety net. As a nation that values its families and children, this is the very least that we should expect from any welfare reform proposal passed by Congress.

II. NBWHP'S RECOMMENDATIONS FOR WELFARE REFORM

The National Black Women's Health Project (NBWHP) believes that in order to move low-income people out of poverty, a complete overhaul of the welfare reform system is necessary. We would make the following suggestions for comprehensive reform:

Comprehensive Job Creation Strategy

The main objective of welfare reform should be to facilitate the movement of low-income families from a system that perpetuates a lifelong cycle of dependency on government benefits. A commitment by Congress to enact welfare reform legislation that provides employment for those who want to work, is a first step towards ensuring that welfare recipients break the cycle of dependency. A comprehensive job creation strategy is necessary to accomplish this goal.

Congress must acknowledge its acceptance of a consistent targeted national unemployment rate of 6% (13 million unemployed). In doing so, Members must assess the impact of this implicit policy target on the ability of all people to find employment. As a first step in addressing this issue, welfare reform must promote the principles of full employment. It should include a comprehensive program to ensure that there is a job for everyone who wants a job. A comprehensive job creation strategy must ensure that jobs provide liveable wages.

States should be given economic incentives to develop programs that will enable welfare recipients to move into public/private sector jobs without government coercion. The use of tax breaks or partial wage subsidies can be used as an incentive for employers to provide employment to welfare recipients. In addition, low income working families (at or below the federal poverty level) must be allowed continued receipt of benefits such as food stamps and Medicaid.

Raising the National Minimum Wage

True welfare reform must promote self-sufficiency and independence. Congress must raise the national minimum wage as part of the strategy for reform. The inability to find employment that provides a liveable wage is the primary reason cited by low-income families who have temporarily received welfare benefits. Raising the minimum wage to an appropriate level, adjusting yearly for inflation, would be a significant step towards securing economic independence for low income families.

Continued expansion of the Earned Income Tax Credit (EITC) would also help to increase the wages of low-income workers. The EITC allows workers to receive an advance credit of up to 60%. The expanded EITC raises a minimum wage job (\$4.25 per hour to \$6.00 per hour) for an employee with 2 or more children.

Universal Health Care Reform

Welfare reform legislation cannot be accomplished without universal health care. Many welfare recipients are trapped in a system of dependency because they cannot find employment that provides health care benefits for their families. Universal health care coverage for families will enable recipients to leave the welfare system without the fear of losing health coverage for their families.

Newly employed welfare recipients must have continued coverage under the Medicaid Program. In addition, the working poor must have access to health care coverage. A good first step towards increasing coverage for the working poor under incremental reform legislation would include phased-in employer mandates.

Housing

Adequate housing, rent subsidies and standard public housing must be an integrated part of comprehensive welfare reform. Demonstration programs must be provided that allow for community involvement. Programs which allow families to move into "mainstream" housing or apartment units through housing or rent vouchers must be given priority. In addition, every effort must be made to increase the availability of public housing for low-income families.

Education/Training

States must be given the necessary resources to provide welfare recipients with educational opportunities and job training. These services however, must not be prerequisites for receiving welfare benefits. Educational opportunities should include post secondary education (college) or vocational training which place an emphasis on the development of skills. This will help recipients achieve independence and self-sufficiency rather than temporary employment.

Child Care

Comprehensive welfare reform legislation must include child care. Funding for child care is necessary for the working poor to help them stay self-sufficient. Lack of child care or money for child care is often a major impediment for the working poor. The same holds true for families when leaving the welfare system. Since child care costs are often higher than a family's take home pay, many families are often economically worse off paying for child care when employed than under the welfare system.

Currently, welfare recipients enrolled in the JOBS Program receive child care while working, in training programs or when enrolled in school. They also receive child care for up to 1 year after leaving welfare for employment. In order to help move families out of the welfare system, the provision of child care is mandatory for all welfare recipients. Also, the promotion of child care in the workplace and within the public school system should be a top priority. States must receive additional funding to provide these services.

Child Support Enforcement

Mandatory paternity establishment before receipt of welfare benefits is not an effective mechanism to provide support for poor women and their families. Welfare benefits should not be linked to paternity establishment.

The amount of child support awards must be increased to reflect the needs of families. Stricter child support enforcement guidelines are also necessary under reform. Federal requirements which mandate the revocation of professional licenses and enforcement of child support orders and awards may help in the collection of some payments. However, in Black communities that are already overburdened with high unemployment levels, this could prove to be ineffective.

Family Support

Welfare reform legislation should place an emphasis on improving the quality of life for families. Support programs such as parenting classes, nutrition and substance abuse programs and the elimination of policies which penalize two-parent households must be included in any proposal enacted by Congress.

Transportation

Access to transportation is necessary to participate in job training, education programs, job interviews and child care. These services must be covered under welfare reform legislation.

Caseworkers

Caseworker training is an important component of welfare reform. Because of declining state resources, caseworkers are often overworked. As a result, the amount of time spent with welfare recipients is limited and structured. More resources should be spent on increasing the number of qualified caseworkers to better enable them to meet the needs of the people they serve. In addition, training in conflict resolution and cultural sensitivity is necessary to help caseworkers deal effectively with the people they are employed to help.

Program Administration

Administrative simplification should be a top priority of welfare reform. The distribution of and application for welfare benefits should be simplified in order to reduce the costs of administering the program. In addition, the administration of welfare benefits must reflect the needs of the recipients. Community-based social service offices with Saturday or evening hours will help to accommodate those recipients who are working.

Legislators have attempted to address welfare reform issues for the past 60 years. In those 60 years of failed social experiments on the poor, welfare recipients have rarely been asked what they need. There is no magic solution for poverty, unemployment or welfare dependency. However, as a first step, Members of Congress must recognize the true problems of the welfare system. Most of our recommendations for welfare reform legislation, may not be politically popular or expedient, but they must be seriously considered as suggestions to current legislative proposals.

Ms. DUNN. Thank you for your testimony.

We will now go to questions. Mr. McCrery will inquire.

Mr. MCCREY. No questions.

Ms. DUNN. Mr. Ford.

Mr. FORD. Thank you very much, Madam Chairman.

Mr. Pitts, let me once again say hello. I had the opportunity to appear with him last week on a nationally televised show.

You mentioned something that night about the marriage penalty. I know we are talking about welfare reform, but in this Contract With America, as we know that this Contract is calling for \$2 billion to be thrown at this problem. I bring this marriage penalty up, because when we talk about children in poverty and the welfare cycle itself, you raised the question in the context of welfare reform the other night on this talk show. Will \$2 billion really respond to this problem? You talked about how you were just recently married and talked about the marriage penalty and what harm it has caused many working poor families in this country.

Mr. PITTS. I would like to thank you, Mr. Ford, for putting me on the spot. There is certainly no doubt about it, it is an inadequate number. But we do know that the marriage tax penalty discourages families at its very basis. What we do know works is family. It keeps us from reeling into the problem of welfare and poverty.

Certainly, I am not suggesting that H.R. 4 is the end-all bill to everything. I think I had earlier said H.R. 4605 in the last session had some great parts to it. What I would say, though, is that we need to take steps in the right direction. Some people would say they are not enough, some people say they do not go far enough. All I know is what has been happening for the last 60 years has not worked, and I think in that regard we need to get rid of the marriage tax penalty.

I think we need to take a look at providing alternatives to government-subsidized child care and start getting back into the family care and the kinship care that will provide children an opportunity to benefit. No one is suggesting that a child is being penalized while their mother transitions back into the work force, gets the training necessary by living with an adequate, capable, and willing family member.

Mr. FORD. Education and training naturally is a key component for the welfare population in general. But what about the job-ready population? Statistics show us that about 65 percent of all adults who are able to work move off the welfare rolls within the first 24 months. The problem with that is that in the first year about 35 percent come back on the rolls, and over a 2- or 3-year period up to about 60 percent of those who left the rolls ease back into the welfare population.

Is there any magic in this Contract With America about 2 years, no work, no training, you are automatically cut off of your cash benefits of welfare? Is there any magic in waiting 2 years for those who might be job-ready, if we are going to give States the flexibility to create these JOBS Programs that would allow them to move off the welfare rolls right away, providing of course that you have case managers willing to work in these JOBS Programs or enough flexibility in the States' JOBS Programs to look at the earned income

tax credits and to look at what the administration proposed in its bill last year about a disregard for food stamps, that would make work a lot more attractive than welfare is today?

Mr. PITTS. I think 2 is not a magic number. I think one of the great things we have as Americans, though, is the ability to rise to meet the occasion. I think Justice Brandeis was writing at the turn of the century in an opinion that the courts have a responsibility to hand down models of expected behavior in all its decisions. I think the Congress has an opportunity to do the same thing.

As a serviceman in the early eighties, when we required that people no longer have criminal records, when they have a high school education, we found that we had one of the most professional armies, and we did it because we set a standard and we expected people to reach out and achieve that standard.

I think if we tell people 2 years and you are out, there will be people that fall through the cracks. But, by and large, I think people will rise to the occasion. We have done it in every circumstance where Americans have been challenged individually and as a Nation, and I think the Congress—

Mr. FORD. A one-size-fits-all really does not apply to the welfare population overall, because there are those who will move onto welfare because of the loss of a job or because of problems that might be within the economy. What happens to that hardcore group that will in fact need education and training in order for them to break this vicious cycle of welfare that they have been trapped in for so long? My time is up, so I guess if you take 10 seconds to try to respond to that.

Mr. PITTS. I promise I will try to deal with you and your staff on that issue, and we will continue to explore it together.

Mr. FORD. Thank you.

Ms. DUNN. Thank you, Mr. Ford.

Just a couple of comments. Ms. Archambault, as I am reading through H.R. 4, there is here a statement that if we go the block grant route, a portion of that would be distributed to the States, that a separate portion would go to the Indian tribes.

Ms. ARCHAMBAULT. It will go to the tribes?

Ms. DUNN. Yes.

Ms. ARCHAMBAULT. Thank you.

Ms. DUNN. Ms. Wolfe, I just wanted to comment that I thought your statement was excellent, and your advocacy for higher education for women is very badly needed, and we have to figure out how to help to get that done.

I thank the panelists very much. You have been very informative and very helpful to all of us. Thank you.

The next panel is composed of Ethel Zelenske, staff attorney for the National Senior Citizens Law Center of the Philadelphia Welfare Rights Organization; William Parshall, deputy managing director, Special Needs Housing, Office of the Mayor of Philadelphia, Pennsylvania; Don MacAllister, founder of the Orange County WORKS, Orange County, California; Robert E. Friedman, chairman, Corporation for Enterprise Development; and James Goldstein, benefits coordinator for the AIDS Project of the East Bay, Oakland, California.

Why don't we begin with Ms. Zelenske.

**STATEMENT OF ETHEL ZELENKE, STAFF ATTORNEY,
NATIONAL SENIOR CITIZENS LAW CENTER, PHILADELPHIA
WELFARE RIGHTS ORGANIZATION**

Ms. ZELENKE. Thank you for the opportunity to testify today.

I am an attorney who has represented persons in SSI cases for more than 15 years. My testimony will focus on the need to retain SSI as an entitlement program.

SSI is the only national effort to date that insures that poor, aged, blind and disabled persons receive a minimum income. Since its inception in 1972 when it replaced more than 1,300 State and local programs, SSI has saved millions of the most vulnerable persons in this country from dire destitution. It has provided a means for these individuals to avoid institutionalization and to lead independent lives in our communities.

Two notable examples of former clients of mine among the hundreds I represented include a 62-year-old woman with terminal stomach cancer. Her only other income was a \$200 per month Social Security retirement check, and the reason it was so low was because she had been employed as a domestic worker all of her life and her employers had failed to pay enough taxes into the system.

Another client was a mentally retarded woman who had spent most of her life in a State mental retardation facility. Upon release, her family abused her and she was unceremoniously and quite inappropriately dumped in a State hospital for mentally ill persons. SSI helped secure a supervised living arrangement for her in the community where she was eventually able to work in a supervised setting.

These cases exemplify the need to retain SSI as an entitlement. If the status is removed and the appropriation proves inadequate, Solomon-like decisions would have to be made that would impact these types of eligible individuals.

Currently, I focus on the needs of poor elderly persons, in particular, vulnerable elderly populations such as women and persons of color. Unfortunately, their needs for the SSI Program is greater than ever. Census Bureau statistics indicate that the number of poor elderly persons continues to climb, especially among these vulnerable populations.

For instance, elderly women are twice as likely as elderly men to be poor. Elderly Hispanics are twice as likely, and elderly blacks three times as likely as elderly whites to be poor. The additive effects of sex, race and age is dramatic. More than one-half of black women age 75 or older are poor.

In addition, women do not benefit from the Social Security system as much as men do. On average, women's Social Security retirement benefits are only three-fourths that of men, yet women rely more on Social Security benefits for a higher percentage of their income. Despite the need for SSI, repeated studies have shown that only about 50 percent of eligible elderly persons receive SSI.

Even though SSI on its own is not enough to raise people out of poverty, since it represents only 75 percent of the poverty guidelines, it nevertheless has served to alleviate the poverty of vulner-

able elderly persons. Undoubtedly, the poverty rate among the over 2 million elderly persons on SSI would be higher without the program.

For example, over 64 percent of aged SSI recipients also receive Social Security retirement benefits which are below the SSI level. As I noted earlier, women in particular benefit from the supplement provided by SSI. Overall, over 78 percent of elderly SSI recipients are women. Women also rely on SSI at an earlier age, since the majority of blind and disabled recipients are women.

Finally, I urge the Subcommittee to carefully consider restrictions in the eligibility of legal immigrants. On a personal level, the experience of my own father exemplifies the concerns of immigrants who, for a variety of reasons, are unable to become citizens. He came to the United States in 1949 as a 50-year-old refugee after World War II. He was illiterate and worked for over 20 years at minimum wage, with no health insurance until Medicare was created. He did not draw Social Security retirement benefits until age 70, because he continued to work. His monthly benefit amount was quite low, given his salary.

He tried on three occasions to become a citizen and failed the test all three times because he could not read or write in English.

Despite his years of hard work, he would not have been eligible for SSI under H.R. 4, first, because it would be available to refugees only during their first 6 years in the country, and second, because it is available to these immigrants only once they are over 75 years old.

In conclusion, I urge the Subcommittee not to throw the baby out with the bathwater. Specific concerns about the SSI can be addressed without destroying the fundamental nature of the program.

Thank you.

[The prepared statement and attachment follow:]

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**STATEMENT OF ETHEL ZELENSKE, STAFF ATTORNEY
NATIONAL SENIOR CITIZENS LAW CENTER
BEFORE THE SUBCOMMITTEE ON HUMAN RESOURCES,
COMMITTEE ON WAYS AND MEANS
UNITED STATES HOUSE OF REPRESENTATIVES**

HEARING ON WELFARE REFORM PROPOSAL IN H.R. 4

FEBRUARY 2, 1995

The National Senior Citizens Law Center (NSCLC) provides national advocacy and support services on behalf of poor persons with specific emphasis on representing the interests of the lowest income elderly people, particularly women and racial and ethnic minorities. One of NSCLC's priority areas is increasing income security for low-income elderly persons, including the Supplemental Security Income (SSI) program.

Lost in the debate over problems in the program is the fact that SSI is the only national effort by the federal government to assure that needy aged, blind and disabled persons receive a minimum income. The program has saved millions of the most vulnerable persons in this country from dire destitution and has provided a means for elderly and disabled individuals to live outside of institutions and to be independent.

H.R. 4 proposes to eliminate the entitlement status of the Supplemental Security Income (SSI) program and impose an annual spending cap on SSI. My statement analyzes the impact such changes would have on individuals who are currently eligible for SSI, in particular, poor elderly persons.

As an entitlement, SSI has been available to every eligible person and has been responsive to unforeseeable factors, such as economic downturns or increased numbers of poor elderly persons. However, if the entitlement status of SSI were eliminated and appropriated funds proved to be insufficient in a given year, eligible elderly and disabled persons could be affected in the following ways:

- ◆ Further applications might not be taken from eligible individuals
- ◆ Eligible elderly and disabled individuals might be placed on waiting lists
- ◆ Benefits to current recipients could be reduced
- ◆ Cost-of-living adjustments could be reduced or eliminated
- ◆ More persons could become homeless or remain in institutions due to the loss or unavailability of cash assistance

In addition, many States fund projects that assist disabled adults and children who receive state benefits to apply for SSI. These disabled individuals, even if found eligible, would no longer have a right to receive SSI.

As described below, it is critical that the entitlement status of SSI be retained and that no spending cap be imposed. SSI remains an integral part of the "safety net" for millions of vulnerable persons living in the United States. Concerns about particular issues should be addressed without changing the fundamental nature of the program.

I. WHY SSI WAS CREATED: THE NEED FOR A NATIONAL UNIFORM PROGRAM OF BASIC SUPPORT TO NEEDY PERSONS

Prior to 1972, the federal government provided matching grants to the States for their means-tested programs of Old-Age Assistance (OAA), Aid to the Blind (AB), and Aid to the Permanently and Totally Disabled (APTD). The grant program, intended to encourage States to adopt such programs,¹ resulted in 1300 separate state and local programs with differing eligibility requirements and payment levels, including some with very low benefit amounts. Other programs had specific eligibility requirements that discouraged needy persons from seeking assistance.

Congress responded to criticisms about the State and local programs by passing legislation in 1972 which created the SSI program.² The objective of the program was to replace the 1300 State and local programs with a nationally uniform program of basic support to needy persons who are aged, blind and disabled.

In providing a program with national uniform eligibility standards and payment levels, Congress specifically intended that SSI would provide:

- An income floor for aged, blind, or disabled persons whose income and resources were below specified levels and which would lift them out of poverty;
- Eligibility requirements and benefit standards that were nationally uniform;
- Incentives and opportunities for those recipients able to work or to be rehabilitated which would enable them to increase their independence;
- An efficient and economical method of providing this assistance;
- Inducements to encourage States to provide supplementation of the basic federal benefit;
- Appropriate coordination of the SSI program with the Title II Social Security programs, Medical Assistance and food programs.³

¹Trout and Mattson, *A 10-Year Review of the Supplemental Security Income Program*, 47 Soc. Sec. Bull. 3 (Jan. 1984) (hereinafter "*10-Year Review of SSI*").

²Social Security Amendments of 1972, Pub. L. No. 92-603.

³SSI Modernization Project, *Final Report of the Experts*, at 5 (Aug. 1992); *10-Year Review of SSI* at 3-4.

II. THE NEED FOR THE PROGRAM STILL EXISTS AS THE NUMBER OF POOR PERSONS CONTINUES TO INCREASE

While SSI has helped to alleviate the most severe effects of poverty, it does not lift eligible individuals from poverty. While originally intended to reach the poverty line, SSI payments have never risen to that level: the current benefit level represents only 75% of the poverty line for an individual and 90% for a couple.

After many years of a dramatic decline in the poverty rate among elderly persons⁴ in this country, thanks in large part to federal programs like Social Security, the problem appears to be on the increase. Recent Census Bureau data indicate that the number of elderly persons who are poor has steadily grown over the past few years. In 1992, about 4 million elderly persons, 12.9% of the elderly population, lived in poverty.⁵

According to the General Accounting Office (GAO), this figure may in fact underestimate the magnitude of poverty among elderly persons. A 1992 report by the GAO, *Elderly Americans: Health, Housing, and Nutrition Gaps Between the Poor and Nonpoor*,⁶ studied the size and characteristics of the poor and near poor elderly population and the extent to which poor elderly persons receive services from principal federal programs, including SSI. Relying on 1990 Census Bureau data, this report starkly portrays that certain groups of elderly Americans have not benefitted from the general economic improvements experienced by the elderly population as a whole:

- ▶ Elderly women were nearly twice as likely as elderly men to be poor or near poor.
- ▶ Elderly Hispanics were twice and elderly Blacks three times as likely as elderly Whites to be poor or near poor.
- ▶ Persons over the age of 75 were almost twice as likely as persons between 65 and 74 to be poor or near poor.
- ▶ The additive effect of sex, race, and age was dramatic: More than half of all Black women over the age of 75 were poor or near poor in 1990.⁷

Unfortunately, the GAO's findings remain valid. The more current Census Bureau data shows that:

- ▶ One of the largest declines in income occurred in the oldest age group, 75 years and over.
- ▶ Women aged 65 to 74 experienced larger declines in income than men of that age.

⁴"Elderly persons" refers to individuals who are aged 65 or older.

⁵Unless otherwise indicated, the source for statistics from the U.S. Bureau of Census is the March 1993 Current Population Survey regarding data on income of households in the United States for calendar year 1992.

⁶GAO/PEMD-92-29, June 1992, p.2 ("GAO Report").

⁷GAO Report at 2.

- ▶ The Black elderly population is still more than three times and the Hispanic elderly population is twice as likely to be poor as the White elderly population.
- ▶ Black elderly women remain among the most vulnerable groups in our population. They were more likely to live in poverty than any other segment of the elderly population, nearly 38%.

The need for SSI becomes even more pronounced in more closely scrutinizing the Social Security retirement benefits program. While there is general agreement that the latter program has prevented many elderly persons from being poor, the data indicates that women do not benefit as much as men.

For instance, women generally have lower primary insurance amounts (PIAs) than men, only about 76% of that for retired men.⁸ In fact, nearly three times as many women as men had PIAs below \$450.00, an amount that, in the absence of other income, would qualify the individual for an SSI payment.⁹ This figure is even more significant since more women than men rely on Social Security income for a higher percentage of their income.¹⁰

Despite the increasing need for the SSI program, studies have consistently shown that the participation rate in SSI by eligible elderly persons remains low. The statistics themselves indicate that a gap exists between those in need of the program and those who actually receive SSI: while 4 million elderly persons live in poverty, only about 2 million receive SSI. Further, in contrast to the 89% of poor households in which all members were 65 or over and received Social Security benefits, only 28% of poor elderly persons lived in households receiving means-tested cash assistance, primarily SSI.¹¹

Other studies indicate that only about 50% of elderly eligible persons receive SSI. Participation rates vary greatly depending on living arrangement and by age, gender, and race¹²:

- ▶ Only 30% of eligible couples (vs. 66% of eligible individuals) participate.
- ▶ Only 48% of eligible persons receiving Social Security benefits participate.
- ▶ Participation among eligible women is lower than among eligible men (53% vs. 57%).

⁸The average PIA for women was \$580.70 and \$759.20 for men. *Social Security Bull. Annual Statistical Supp. 1994* at 183-84 (Aug. 1994).

⁹13.7% of men and 36% of women had PIAs below \$450 in December 1993. *Social Security Bull. Annual Statistical Supp. 1994* at 212.

¹⁰In 1990, for retired men, the ratio of social security income to total income was 0.46, compared with a ratio of 0.55 for retired women. *Social Security Bull. Annual Statistical Supp. 1992* at 186 (Jan. 1993).

¹¹GAO Report at 7, 40.

¹²See Sheils, Barnow, Chaurette, Constantine, *Elderly Persons Eligible for Participating in the Supplemental Security Income (SSI) Program* (U.S. Dept. of HHS, Contract No. HHS-1---86-0051, Final Report, Jan. 1990).

- ▶ Participation among eligible persons age 65 through 69 remains lower (48%) than for persons age 70 to 79 (57%), but declines again for persons age 80 or more (55%).

III. SSI BENEFITS PARTICULAR VULNERABLE GROUPS, SUCH AS POOR WOMEN AND OLDER PERSONS.

Attached to this statement is "A Profile of the SSI Program" which is based on Social Security Administration statistics. The conclusion to be drawn from the profile is that the SSI program has served to alleviate the poverty of elderly persons and other vulnerable groups. As indicated by the following highlights, there can be no doubt that their poverty rate would be higher if they did not receive SSI:

- **For many recipients, SSI serves to supplement other income they receive.**
 - Over 64% of SSI recipients age 65 years or more also receive Social Security retirement benefits. Overall, almost 40% of all SSI recipients, receive Social Security benefits in addition to their SSI.¹³ Elderly women, in particular, profit from eligibility for SSI to supplement Social Security retirement benefits, given their lower benefit amounts and greater reliance on Social Security.
- ▶ **Women comprise nearly 78% of aged SSI recipients.**
 - Women also comprise 56.4% of blind recipients and 55% of disabled recipients
- ▶ **79% of aged SSI recipients are 70 years old or more.**
 - 54.3% are age 75 or older, and 35% are age 80 or older.
- **It is more likely that women will rely on SSI at an earlier age.**
 - Starting at age 50, more women than men receive SSI benefits based on disability. Poor women, in particular, Black women, are more likely to suffer from poorer health, including chronic conditions such as arthritis and hypertension which impose functional limitations.¹⁴

IV. CONCLUSION

The overwhelming evidence indicates that the SSI program has kept many poor aged, blind, and disabled persons from destitution. The 1972 legislation passed by Congress recognized the inequities in many of the 1300 State and local programs in existence at the time, and thus rejected the "matching grant" approach. It replaced the 1300 disparate programs with a single federal program establishing nationally uniform eligibility requirements and payment levels.

¹³The SSI benefit amount is reduced by other income received by the recipient. These individuals are eligible to receive enough SSI to at least bring them up to the SSI federal benefit rate (plus a \$20 general income disregard).

¹⁴Cynthia Taeuber, *Sixty-Five Plus in America* at 3-11 to 3-15 (U.S. Bureau of the Census, Current Population Reports, Special Studies, P23-178, Aug. 1992)

We urge this Congress not to return to the situation which existed prior to 1972 and to maintain the purpose behind the original legislation creating the SSI program, including preservation of SSI as an entitlement program and not imposing a spending cap. In scrutinizing problems in the program, the Congress should find solution to those specific problems which do not change the fundamental nature of the SSI program.

A PROFILE OF THE SSI PROGRAM

What is SSI?

Supplemental Security Income or "SSI" is a federal program providing income assistance to poor individuals who are age 65 or older, blind, or disabled, and who meet income and resource requirements. SSI was created in 1972 to provide uniform national standards and to replace individual state programs providing disparate assistance to aged, blind, and disabled persons. SSI is administered by the Social Security Administration.

Who receives SSI?

In 1994, over 6 million poor elderly, disabled and blind persons received SSI:

- ♦ 35% were aged 65 or older
- ♦ 52% were blind or disabled adults under 65
- ♦ 13% were blind or disabled children

About 11% of recipients are legal aliens. SSI benefits are not available to individuals who are illegal aliens.

How much SSI is received?

In 1995, the maximum federal SSI benefit is \$458 for an individual and \$687 for a couple.

Although SSI helps to significantly reduce the effects of poverty, it does not lift eligible individuals from poverty. While originally intended to reach the poverty line, SSI payments have never risen to that level: the current benefit level represents only 75% of the poverty line for an individual and 90% for a couple. To reduce the gap, additional supplements are provided in 27 states and the District of Columbia to certain categories of SSI recipients.

For many recipients, SSI serves to supplement other income they receive.

The SSI benefit amount is reduced by other income received by the recipient. In June 1994, the average monthly SSI amount was \$321.42 which is less than the full benefit rate.

Nearly one-half of SSI recipients, 48.8%, receive income from other sources, including Social Security benefits, averaging about \$320 per month. They are eligible to receive enough SSI to at least bring them up to the SSI federal benefit rate (plus a \$20 general income disregard).

Almost 40% of all SSI recipients, counting for 2.4 million persons, receive Social Security benefits in addition to their SSI. This includes:

- Over 64% of recipients age 65 years or older, nearly one million persons
- Nearly 37% of blind recipients, over 30,000 persons; and
- Nearly 32% of disabled recipients, about 1.4 million persons

Without SSI, many SSI recipients would fall further into poverty, resulting in homelessness and institutionalization, and the inability to purchase basic necessities, since the vast majority, 92.5%, live in their own household.

Particular vulnerable groups, such as poor women and older persons, benefit from the SSI program.

Women comprise nearly 60% of SSI recipients:

- 73.8% of aged recipients
- 56.4% of blind recipients
- 55% of disabled recipients

SSI provides valuable assistance to older individuals:

- The vast majority of aged SSI recipients, 79%, are age 70 or older. 54.3% are age 75 or older, and 35% are age 80 or older.
- About 45% of disabled recipients are age 50 or older.
- It is more likely that women will rely on SSI at an earlier age. Starting at age 50, more women than men receive SSI benefits based on disability.

Vulnerable disabled persons are also major beneficiaries of the SSI program:

- 24% of disabled adults, over 500,000 persons, receive SSI benefits based on mental retardation
- Nearly 40% of disabled children, over 280,000, receive SSI based on mental retardation
- Nearly 33% of disabled adults receive SSI based on mental illness. The number of individuals receiving SSI because of substance addiction represents a small fraction of all individuals receiving SSI, between 1% and 2%.

SSI provides work incentives to recipients.

The SSI program includes work incentive provisions which are very beneficial to recipients who remain disabled and continue to meet resource limits but are able to work. These programs include:

- Continued eligibility for cash benefits so long as earnings, after appropriate deductions, still permit the person to receive an SSI benefit.
- Extended Medicaid coverage when earned income exceeds the point at which the recipient is eligible for an SSI cash benefit. Continued Medicaid coverage continues so long as disability continues and earnings alone are inadequate to meet medical needs.
- "Plans for Achieving Self-Support" (PASS). Under a PASS, the individual is permitted to take part of his or her income and save it for a specific purpose related to becoming more self-supporting, such as education, vocational training, or some other occupational purpose. The amount that is saved is not treated as "income" or as a "resource" for SSI purposes long as it is being saved for the purpose of the PASS.

The sources for these statistics are:

1. *Social Security Bulletin, Annual Statistical Supplement, 1994.*
2. *Social Security Bulletin, Vol. 57, No. 3, Fall 1994*

Ms. DUNN. Thank you, Ms. Zelenske.

We have been notified that we have a vote, but we would like to take testimony from one more person and then break, and we will convene as soon as we get back from the vote.

So we would like to hear now from William Parshall.

STATEMENT OF WILLIAM E. PARSHALL, DEPUTY MANAGING DIRECTOR, SPECIAL NEEDS HOUSING, CITY OF PHILADELPHIA, PENNSYLVANIA

Mr. PARSHALL. Thank you. Good afternoon. My name is William Parshall. I am Deputy Managing Director for the city of Philadelphia. In this role, I coordinate the city's homeless programs and more recently have coordinated the city's response to welfare cuts enacted by our State legislature.

I am going to focus my remarks today on the impact of welfare reform on large cities. And if I may leave you with one point today, it is that cities must have a seat at the table when welfare reform is being drafted by the States or waivers are being asked from the Federal Government. Except for recipients, no other constituency has as much interest in what happens to welfare reform than mayors of large cities.

In Philadelphia, 15 percent of our population is on AFDC; 25 percent are on some form of cash assistance, and fully one-third of Philadelphia's population receives medical assistance.

The value of SSI, AFDC, and food stamps together account for \$1 billion in Philadelphia, and Philadelphia and Pittsburgh, Pennsylvania's two largest cities, account for approximately half of the State's AFDC caseload.

Does that mean that large cities will necessarily oppose welfare reform? Of course not. Long-term dependency on public assistance represents a drain on our tax base; it represents a drain in terms of our local labor markets; and we, as a city government, invest significant resources in providing care for the poor, child welfare services, and other forms of assistance.

However, an inadequate Federal welfare reform bill or an inadequate State plan that does not provide for incentives to hire persons who are on public assistance, child care, and some provision for continuing medical coverage will, in effect, be an unfunded mandate, and the cost of that unfunded mandate will fall upon local government, local taxpayers, and the local business community.

A case in point: Last June, the Pennsylvania General Assembly enacted a bill sharply reducing benefits for 15,000 Philadelphia citizens. In the State's estimation, these persons were employable and would have had their benefits terminated in 3 months. Most would receive either job placement services or only 3 to 4 weeks of job counseling. There was only provision for 6 months of job training for 800 of the 15,000 persons receiving termination letters.

A coalition of advocacy groups, and service providers and the city of Philadelphia worked to educate the State about the nature of the population that they were terminating. Many were about to be terminated based on computer search records as opposed to actual individual case reviews.

The result has been that many of the people who originally were scheduled to be terminated were found to have long-term physical and emotional disabilities. And despite the services that the State promised to provide, only 400 of the some 5,000 people who have been terminated have actually found employment.

The city of Philadelphia, as a consequence of this, has had to set aside \$8 million to pay for additional shelter, rental assistance, and food costs for persons who are going to slip through the safety net. Of the \$8 million, \$3 million is local general fund revenues. This is money that could have gone to police, fire fighting, or to increase other municipal services.

Without that input, I fear that welfare reform is going to be doomed to failure in States, and consequently we would urge that the Committee include some provision that mayors of large cities have significant input into whatever welfare reform proposals are adopted.

Thank you.

[The prepared statement follows:]

**Testimony of William E. Parshall
Deputy Managing Director for Special Needs Housing, City of Philadelphia
Before the Ways and Means Committee, U. S. House of Representatives
February 2, 1995**

My name is William E. Parshall. I am Deputy Managing Director for Special Needs Housing for the City of Philadelphia. In that capacity, I direct the City's homeless service policies. I am also responsible for coordinating the implementation of the City's response to state welfare cuts to single adults aged 45 and above.

Let me say from the outset that this country's welfare service system needs reform. The present system consists of a confusing array of programs, regulations and prohibitions. It contains inadequate work incentives and, beyond financial assistance, does little to assist most recipients in achieving self-sufficiency.

Yet, changing the present welfare system will have enormous impact upon recipients, government, taxpayers and a ruinous one for cities if it is not carefully considered.

If I can leave you with one thought today, it is that large cities must have a seat at the table when welfare reform plans are drafted. Federal legislation should contain provisions requiring states to include mayors of large cities in the redesign of their welfare programs. The U. S. Secretary of Health and Human Services should be instructed not to allow waivers for states which have not thoroughly allowed urban centers to have such input.

Impact of Welfare Reform on Philadelphia

The value of AFDC, SSI payments and food stamp vouchers in Philadelphia is over \$1 billion/year. If one incorporates the state supplement to SSI, the value of medical assistance, the earned income tax credit, state-funded General Assistance and other programs, the welfare system pumps over \$3 billion a year into Philadelphia's economy.

Philadelphia's wage tax base is about \$24 billion annually. So the \$3 billion spent on cash and services to Philadelphia's poor has a considerable impact on the City's economy. Many of Philadelphia's neighborhood commercial areas rely upon the cash generated by public assistance programs. An abrupt curtailment of benefits, even for 10% of the AFDC population, would have serious consequences for neighborhood business as well as for the recipients.

The City is concerned about the impact of the two-year limit on benefits and the five-year maximum cap. "Two years and out" sounds desirable, but the real question is, "out to what"? For the Commonwealth of Pennsylvania, 48.9% of all AFDC clients currently receiving assistance have been receiving assistance for more than two years; 22.9% of the population have been receiving AFDC benefits for more than five years. If the two-year cutoff were applied effective October 1, 1995, approximately 35,000 adults and 70,000 children in Philadelphia would lose their assistance for whatever time period had to transpire until they were eligible for benefits again. Some would obtain employment, some would move in with friends or relatives, but many would become homeless.

If the five-year lifetime maximum were applied effective October 1, 1995, approximately 16,500 adults and 33,000 children in Philadelphia would lose their benefits with no chance of ever having them restored. For Philadelphia's economy to absorb 16,500 low-skill adults at one time is virtually impossible.

Even without welfare benefit cuts, family homelessness has been the fastest increasing segment of the homeless population in Philadelphia. During January 1993, the average family census in the City-funded shelter system was 1,200 or approximately 45% of our shelter beds. For the past year, it has been consistently over 1,400 or 60% of our shelter bed system. There has been an 18% increase in demand for shelter between fiscal years 1993 and 1994. Some of the increase has been due to the

success the City and the Philadelphia Housing Authority have had in creating new rental units for families. However, the increase has been due in part to the desperate situation in which families find themselves.

Even if only 10% of the 16,500 households who have been on AFDC for five years or more found their way to the city shelter system, it would require another 5,000 beds above and beyond the 1,400 the City now funds. The aggregate cost of providing food, shelter, intake and case management services to families is a minimum of \$17/day per person. Annualized, 5,000 more beds would mean an increased cost to the City and local taxpayers of \$31 million in shelter costs alone.

Furthermore, without rental assistance, cash benefits or the prospects of a job, shelter stays for these families might be measured in years instead of months. This would become a crippling burden to the city, its taxpayers and its local business community.

One of the most serious concerns the City has with the Personal Responsibility Act is the linking of welfare reform with a spending cap of cash assistance, rental assistance and support service programs.

Congress should be appropriately concerned with both issues. However, it is likely that, in the short-term, moving large numbers of families from welfare to work will incur significant short-run costs. Child care, supported work, tax credits to employers and other associated costs will be necessary to move large numbers of persons off welfare into work. However, within several years the benefits associated with this should exceed the costs ... cash assistance will decrease, wage and tax bases will grow and the culture of dependency will weaken. To link spending caps with welfare reform is likely to doom welfare reform.

High concentrations of poverty in cities, neighborhood businesses dependent on the welfare economy, homelessness and higher costs to cities ... thus far, the presentation has painted a negative picture of welfare reform.

Does this mean that large cities like Philadelphia should oppose the Personal Responsibility Act, President Clinton's welfare reform proposals or other proposals? Absolutely not! Besides recipients themselves, no single constituency has more of a vested interest in alleviating poverty than mayors of large cities.

In the long run, no city can be successful if 25% of its population is dependent upon some form of cash assistance or one-third depending on Medicaid. AFDC and General Assistance payments do not keep up with the cost of living, thus encouraging crime or the development of an underground economy, further weakening the tax base.

The Rendell Administration firmly believes that cities can no longer rely upon increased federal aid to bail us out of our problems. It will not. Consequently, Philadelphia has been taking the following steps to rebuild its economic base and to promote self-sufficiency for low-income residents.

Welfare to Work: What Philadelphia Can Do

First and foremost, in January 1994 Mayor Rendell proposed a \$2.2 billion economic stimulus program to stabilize and grow the City's wage and tax base. The stimulus program consists of four major related efforts to spark Philadelphia's economy: Neighborhood Development, Hospitality and Tourism, Business Retention and Defense Conversion.

To fund the stimulus program, the City will allocate \$866 million in city-controlled resources, obtain nearly \$640 million in federal, state and Delaware River Port Authority funds and leverage these funds to attract another \$700 million of private investment between now and the end of 1996.

- \$755 million of these funds are targeted to neighborhoods. For neighborhoods to attract business growth and investment, they must be relieved of blight and maintain a stable core of housing. The award of a \$100 million federal empowerment zone to Philadelphia and Camden, New Jersey, will foster neighborhood redevelopment in three sections of Philadelphia.

- The additional jobs created through the development of a vibrant hospitality and tourism sector should employ a significant number of low-income persons long-term in hotels, restaurants, parking garages and ancillary enterprises.
- The effectiveness of the business retention efforts will help maintain those jobs which Philadelphia has now, including low-skill jobs in the manufacturing sector.
- Defense conversion will replace jobs associated with the defense industry with new enterprises.

The second thing which Philadelphia has done to help itself is to better coordinate the use of its own, state and federal resources to fight poverty and to deliver services

My colleague, Joan Reeves, Commissioner of Human Services, has done an outstanding job working with the state government to eliminate the unfair cost burden placed on the city when the state consistently failed to pay its share of child welfare costs. The result has been better service.

Other steps have been taken to coordinate the City's social spending.

- The creation of a Children and Families Cabinet will assist in coordinating city and private resources behind efforts to preserve and reunite families.
- The creation of a Homeless Services Cabinet and a homeless services coordinator has facilitated cooperation between and among city agencies.
- The Mayor, President of City Council and the City's Director of Housing now comprise three of the five members of the Philadelphia Housing Authority board. Housing Authority policies are now coordinated with City housing policies.

Finally, the City has begun to invest City resources in job training for residents of the City's shelter system. Prior to FY 1995, job training was the responsibility of the Philadelphia Private Industry Council, County Assistance Offices and non-profit providers who were serving not only homeless but ex-convicts and other persons on welfare. Over the next three years, a minimum of \$2.3 million will be invested in providing jobs to homeless persons living in shelters.

These steps represent the City of Philadelphia's efforts to revitalize neighborhood economies, improve the delivery of our services and get people off of welfare.

Recommendations

In the final analysis, the City of Philadelphia must have a seat at the table when welfare reform is drafted in Pennsylvania. States cannot be entrusted to develop welfare reform policies which are sensitive to cities' needs. A case in point was Philadelphia's experience with state-passed changes in the General Assistance program. Enacted in June 1994, the Department of Public Welfare proposed cutting 15,200 Philadelphia General Assistance recipients over the age of 45 from welfare by the end of October 1994 on the presumption that most were employable.

The City, service providers and advocates recognized that many of these individuals had serious emotional, physical and skills limitations which prevented them from obtaining jobs. Despite \$7-8 million in job training funds set aside by the state, only 361 of these individuals obtained jobs by mid-December. Another 1,000 were enrolled in training programs.

Fortunately for everyone concerned, an outreach/education effort was mounted by the City, advocates and service providers and, as a result, only 5,500 will lose benefits, a much smaller number than 15,200. The City has crafted an \$8.1 million safety net program to prevent the remaining persons who have not found jobs from becoming homeless. Ultimately, the City will be helping the State find employment for the remainder of the population.

In the final analysis, cities need welfare reform to incorporate the following provisions:

1. Meaningful input into the development of state welfare reform plans.
2. The U. S. Secretary of Health and Human Services should not grant waivers or approval of a state plan unless large cities have been consulted and involved in the development of the plan.

Ultimately, large cities have more at stake than other jurisdictions. Without adequate assistance, welfare reform becomes an exercise in cost shifting: the federal government onto states and states onto local government, private charities and welfare recipients themselves.

Thank you for the opportunity to share our views on welfare reform.

Ms. DUNN. Thank you, Mr. Parshall.

And with the panel's indulgence, we will recess for 15 minutes. We will see you back here at 3:45.

[Recess.]

Mr. MCCRERY [presiding]. If anyone knows where any of the witnesses are, could they go get them and bring them back.

[Pause.]

Mr. MCCRERY. Forgive me. I was voting and rushing to get back here, but I missed Ms. Dunn.

Do you know if Mr. Parshall had testified already, Mr. MacAllister?

Mr. MACALLISTER. Yes, he had.

Mr. MCCRERY. And were you about to testify?

Mr. MACALLISTER. Yes, I was.

Mr. MCCRERY. If you do not mind, I will bring the Committee to order, and we will resume with Mr. MacAllister. Take your seat. Thank you. Please proceed.

STATEMENT OF DON MacALLISTER, FOUNDER, AMERICA WORKS, ORANGE COUNTY, CALIFORNIA

Mr. MACALLISTER. Thank you. My name is Don MacAllister, and I am the founder and the president of Orange County, California WORKS, and I am here today to speak to you on behalf of the Nation's 490,000 children who are already in foster homes.

The main point I want to make is that foster care is very tough and overburdened and completely inappropriate for children of poor families. Tripling the foster care system and calling that welfare reform is a contradiction. The kids we put in foster care today will only be on welfare tomorrow.

Job training programs like that of Cleveland WORKS are cheaper, more effective, and completely doable, for job training is no secret. The program is not magic. You heard from David Roth earlier; our program has been affected by his program. We use the example of his process and an organization by the name of Washington WORKS. They are taking welfare parents off of welfare, putting them into jobs with health care. And that is what we are trying to get to as the solution. They have a tremendous retention rate of about 80 to 90 percent, and the families are staying together and out of foster care.

When I was in foster care, children around me commonly on a daily basis discussed being abused and sexually assaulted. But the worst thing I saw were tormented, lonely, confused children and the overworked, poorly trained staffs. Those staffs were our adult role models.

Foster care can be a good experience for some, but a life altering, fearful, lonely experience for most. The system works well for the children who need a stable environment during a temporary crisis that requires their removal from their homes. But for other children, foster care becomes a series of relocations as they are moved from home to home with no sense of permanency. Their education is disrupted, inadequate health care, and no work experience.

It is hardly adequate for children who were taken from their families because of abuse and neglect, and it is completely inappro-

priate for children of poor families to be put in with kids who are in foster care because they were abused or neglected.

Healthy families are the best place for children. When children are taken away from their birth parents, most of the kids experience a lot of severe emotional, psychological, and behavioral problems. To then place that child in an overburdened program like the child welfare system is undeniably a formula for loneliness, confusion, and lifelong problems.

It is especially harder on a child taken from their parents when there has been no abuse or neglect. Being with a parent on welfare, who has a chance at job training, is better than living in the best foster care or group home available.

Aside from the devastation to the child, the child welfare system cannot keep up with the increasing number of truly abused and neglected children as it is. Resources are unavailable for the possible influx of additional millions of children that could result from the PRA.

If the PRA were fully in effect today, 5 to 6 million children would be denied AFDC assistance. If only one-fifth of these children enter the child welfare system, the Nation's child welfare caseload would triple.

This influx of children will further overwhelm the system, undermine its ability to protect the kids, and leave many of those kids in jeopardy of truly menacing parents. Block grants would not provide enough financial assistance to remedy the situation. Furthermore, it is just plain wrong to put children into foster care because their parents have no means of getting a job or have not been given a shot at job training.

It does not make financial sense either. Foster home and group home care cost ten times more than AFDC and food stamps combined. Moving children from poor families to foster care or group homes will cost taxpayers more money than providing job training, placement, and retention programs or continued AFDC for their families.

AFDC and food stamps for a parent and two children cost \$7,900 a year. Basic foster care or group home care for the same two children will cost approximately \$73,000 a year.

We should not cut off all financial assistance to a family with no other means of financial support and at the same time prevent the breakup of the family. You will essentially be giving the parents the choice of surrendering their children or watching them starve.

Instead of issuing block grants for States to increase their child care system, let us consider backing the teenage mothers and the parents on welfare and their children by providing a job training opportunity in a program such as Cleveland WORKS, which has been proven effective in taking these people away from dependency. Cleveland WORKS of Ohio again has taken 5,000 people off of welfare and put them into full-time jobs with health benefits. The program has an 80-percent retention rate. Additionally, in Seattle the Washington WORKS Program is taking mothers off of welfare and placing them in jobs, and they are sticking in those jobs.

We know it can be done. We are seeing it every day. We can learn from the people who have been on welfare and then become

independent. They know the barriers to independence. Virtually all AFDC parents want to get off welfare.

I would like to conclude by saying that foster care is a very horrible place to grow up. I speak from experience. I was in there 6 years of my childhood. It is overburdened and completely inappropriate for children of poor families. Job training is no secret; the program is not magic. We can use the example of Cleveland WORKS and Washington WORKS. They are taking welfare parents off welfare, putting them into jobs with health care, with tremendous retention.

[The prepared statement follows:]

STATEMENT OF DON MacALLISTER

Good afternoon Ladies and Gentleman. My name is Don MacAllister and I am honored to share my testimony with you on behalf of the over 490,000 children in foster care today (CWLA).

I have a unique perception on this issue of welfare reform and the possibility of children going into foster care, as a result. I spent 5 years of my life in foster care, 1 year homeless following my emancipation from the system and 6 months after that on welfare. I have direct experience with the barriers to independence that both programs can present. At 31, I am the Founder and President of Orange County, California, America WORKS. A nonprofit, privately funded organization in California that provides life management, job training, placement, and retention programs to young adults, ages 16 to 21, from foster care.

I am here today for three reasons. One, I do not believe in welfare reform that will rewrite the new qualifications for foster care to include poverty. We can not allow one child to be taken from their family and put into foster care simply because the family was poor. Two, I believe in welfare reform. Welfare reform that limits the amount of time a person can receive welfare and one that includes job training, placement and retention programs for the parents; including teenage mothers. Three, as an American its my duty and desire to help my elected Congressmen make the best decision for our children and our country. I want to share my life experiences with you so that we can initiate a common sense, inexpensive, long term approach to welfare reform.

When I was in foster care, children around me commonly discussed being whipped with electrical cords, beaten until they couldn't stand, or being raped. That is pretty tough. But the worst thing I saw were tormented, lonely, confused children and overworked, poorly trained staff - our adult role models. Foster care can be a good experience for some, but a life altering, fearful, lonely experience for many. The system works well for the children in need of a stable environment, during a temporary crisis that requires their removal from their homes. But for other children, foster care becomes a series of relocations, as they are moved from home to home, with no sense or permanency, disrupted education, inadequate health care, and no work experience (Child Abuse an Child Welfare Services). It is hardly adequate for children who were taken from their families because of abuse and neglect. It is completely inappropriate for children of poor families.

Healthy families are the best place for children. When children are taken away from their birth parents most experience severe emotional, psychological and behavioral problems (CWLA). To than place that child in an overburdened program like the child welfare system is undeniably a formula for loneliness, confusion and life long problems. It's especially harder on a child taken from their parents when there has been no abuse or neglect. Even child welfare experts recognize that foster care is the wrong place for children who have loving parents capable of caring for them (CWLA). Being with a parent on welfare who has a chance at job training is better than living in the best foster care or group home available.

Aside from the devastation to the child, the child-welfare system simply can't keep up with the increasing number of truly abused and neglected children. Resources are unavailable for the possible influx of additional millions of children that could result from this welfare reform (CWLA). If the Personal Responsibility Act were fully in effect today, 5 to 6 million children would be denied AFDC assistance (CWLA). If only one-fifth of these children enter the child welfare system, the nation's child welfare case load would triple (CWLA). This influx of children will further overwhelm the child welfare system, undermine its ability to protect children, and leave many children in jeopardy of truly menacing parents. Block grants would not provide enough financial assistance to remedy the situation. And it is just plain wrong to put children into foster care because their parents have no means of getting a job with health benefits.

The PRA will result in millions of children being candidates for foster care. There are strong legal objections to deeming children "neglected" due to loss of AFDC benefits. Removing children from their homes; without evidence of abuse or neglect, and placing them in foster/group home care is contrary to the legislative history of the Adoption Assistance and Child Welfare Act of 1980 (P.L. 96-272) (CWLA). The family unit is of fundamental importance for the poor as well as the rich. Current federal welfare laws require the state to protect and promote the welfare of "all children, and to prevent the "breakup of the family" where possible, even homeless families (Adoption Assistance and Child Welfare Act, Public Law No. 96-272 (1980)).

Aside from the obvious emotional turmoil and devastation to our children and the already over burdened child care system, this does not make financial sense. Foster/Group home care will cost 10 times more than AFDC and Food Stamps combined (CWLA). Moving children from poor families to foster care or group homes will cost the taxpayers more money then providing job training, placement and retention programs or continued AFDC for their families.

AFDC and Food Stamps for a parent and two children costs \$7,932 a year (CWLA). Basic foster or group home care for the same two children will cost approximately \$73,000 a year (CWLA).

We cannot cut off all financial assistance to a family with no other means of financial support and at the same time prevent the break up of the family. You will essentially be giving the parents the choice of surrendering their children or watching them starve. Instead of issuing block grants for states to increase their child care system, lets back our teenage and adult parents on welfare and their children by providing a job training program that is cheaper and more effective. If parents disregard an opportunity at job training, then we support the parent being cut off welfare and their child becoming a candidate for foster care.

Cleveland WORKS of Cleveland Ohio has taken 5,000 parents off of welfare and put them into full time jobs with health benefits. Their program has an 80% retention rate. Additionally, Washington WORKS of Seattle, Washington is taking mothers only off of welfare and putting them into full-time jobs with health benefits as well. They have a 90% retention rate. I know it can be done. We can learn from the people who are already initiating their own welfare reform. Through these programs, parents are getting off of welfare and into jobs with health benefits and their staying there. They are providing for their families and their families are staying together.

Studies show that virtually all AFDC parents will do whatever it takes to improve the lives of their children. 83% of AFDC recipients reported that they would leave welfare immediately even for a minimum wage job if it provided health care for their family (CWLA). But, only 8% are actually able to leave welfare and find work with health insurance. The obstacle to independence is not lazy Americans but instead the lack of a good program that will teach the parent how to get a job with health benefits and retain it.

Through a program like Cleveland WORKS, it will cost \$5,000 to provide job training, placement, retention services and child care to one parent with 2 kids versus the cost of \$73,000 a year to take that parent off welfare and ultimately put their children into group homes. The benefits of keeping an American family together, while providing job training that can last a lifetime, is undeniably an effective, inexpensive and common sense approach to welfare reform.

The biggest reason why I am here today is because of my experiences. Orange County, California, America WORKS exists because of my not-so-good experience in foster care and my realization that it wasn't a unique one. 80% of the young adults emancipated from foster care struggle with the same barriers to independence as I did.

At 18, my social worker took me to a Greyhound bus station and dropped me off. I had \$85, no identification no support and no skills to find independence on my own. Imagine - you're 18 years old and you are abruptly released out on to the sidewalk with no where to live and no support. You have been living for years in an institutional setting that breeds dependence. Other people do your laundry, your shopping, and your cooking. You're told when to eat, sleep and go to the bathroom. As late as high school, you're not allowed out of the front yard unless accompanied by an adult. You're not allowed to manage your own bank account. Then you are suddenly released on the street and told to take care of yourself. When I was released that first day, I had no idea how to get a job, feel out an application, save money, manage my life and, often, act responsibly towards myself and others. Unfortunately neither do 80% of the other young adults released from foster care. As a result, when these young adults reach their 18th birthday they are at very high risk of unemployment, welfare, homelessness, and prison. If they last that long. Some can be so distraught that they runaway way before their 18th birthday and live on the streets instead. Children without families account for 30% of the homeless population (A Status Report of Hunger and Homelessness in America's Cities: 1993)

Most of the kids in my program are in a crises situation because foster care failed to prepare them for life. 3/4 of the young adults in foster care leave without a high school diploma (National Association of Social Workers), 80% go directly to a homeless shelter (America WORKS). Many spend their first night after foster care on the streets because they have no where else to go (Barden, When Foster Care Ends, Home is Often The Street, N.Y. Times, January 6, 1991). The only choices for many are homelessness, crime or welfare. Welfare is often their best option. A welfare reform that sends our children to foster care is not a true welfare reform at all. Those kids only end up unprepared at 18 and the one of the first things they do is apply for welfare. I am working right now on getting these kids a success box on their 18th birthday. A Success Box contains the basic necessities of life: sleeping bag, pillow, cutlery, personal hygiene items, toiletries. But most importantly, it will contain up to 6 months of voice mail, PO Box and Bus Pass vouchers to enable these young adults to complete an application and get a job when they turn 18. But, I am barely able to find the private funding for this. How will I be able to do it in 10 years when the foster care population has doubled or tripled and the youth are more troubled because they were taken from families where there was no abuse or neglect. Without programs such as the success box program and Cleveland Works, today's foster kids are tomorrow's welfare recipients.

American families are healthier together. Children are happier and best adjusted when they are raised by their natural parents. Foster care and group homes are no place for our children. It's a 50/50 chance on whether they'll get the education they crave and the life skills they need to become independent at 18. The child care system is already overburdened. It's too expensive and morally wrong to put our children into foster care or group homes. We need to set our teenage and adult parents up for success. We need to provide job training programs that mimic Cleveland and Washington Works. Let's keep our children with their parents where they have a chance at a happier life with the people who will love them forever and truly prepare them for independence.

If you can't relate to an overburdened child care system, figures that show job training programs are phenomenally cheaper and will save us more money than increasing our foster care, a child's feelings when he or she is taken from their home and their parents, than remember that 40% of the children we put into foster care today will be on welfare tomorrow. True welfare reform does not include denying teenage mothers welfare and a chance at job training, denying their unborn children the right to any assistance at any time in their lives or denying adult parents effective job training. It especially does not include putting our children into systems that can not love them and prepare them for independence - for life.

Thank you for your time and interest in my testimony. I hope we are able to put together a welfare reform that limits time of welfare, provides effective job training to parents, and keeps our families together.

Thank you,

Donald MacAllister

Mr. McCRERY. Thank you.
 Mr. MACALLISTER. Thank you.
 Mr. McCRERY. Mr. Friedman.

**STATEMENT OF ROBERT E. FRIEDMAN, CHAIR AND FOUNDER,
 CORPORATION FOR ENTERPRISE DEVELOPMENT;
 ACCOMPANIED BY CICERO WILSON, PROJECT DIRECTOR,
 CORPORATION FOR ENTERPRISE DEVELOPMENT**

Mr. FRIEDMAN. Mr. McCrery, thank you very much and also my thanks to the Members of the Committee for offering me this opportunity to testify.

I am chair and founder of the Corporation for Enterprise Development. My colleagues and I have worked for the last 15 years to look for ways to expand the economy and include within that increased prosperity the people and communities that often get left out.

I want to talk today about the opportunity of welfare reform, the opportunity to use this reform to create hope and jobs and enterprises, to build families and communities and economies, to develop assets and long-term, enduring escapes from poverty.

For 50 years, most of our income maintenance system has been really a consumption maintenance system. It is a sort of, as William Raspberry terms it, economic methadone that mitigates the pain of unemployment and poverty but does not get to the causes.

This welfare reform, it seems to me, offers the opportunity for the first time in this century to include a development component to enable people to enter the mainstream economy as skilled employees and entrepreneurs.

I have three recommendations to that end. First, we must reduce the penalties that confront welfare recipients moving toward economic independence. The greatest tragedy of the current system, I think, is not that it rewards indolence, but that it penalizes effort.

My colleague, Cicero Wilson, often says that the nature of the social contract has been "We will support you as long as you do not seek training, you do not work, and of all things, that you do not create a job for yourself. Do any of those things and we will remove benefits, often quite precipitously."

Section 605 of the Personal Responsibility Act goes a long way to removing the penalties for acquiring assets and for receiving self-employment income. But there are other barriers that it does not address. I list several in my written testimony.

Chief among them is the treatment of earned income. After 4 months, we still reduce grants \$1 for every dollar earned. This, it seems to me, serves no one well. In the majority of States that have now requested waivers to that provision, what we find is rapid increases in the percentage of the caseload reporting earned income and dramatic decreases in average grant levels.

In Iowa where we worked, in the first 9 months alone of reducing those barriers, the percentage of the caseload reporting earned income and working increased 70 percent while average grant levels declined 7 percent.

You will have to balance between devolving authority and power to States and devolving authority and power to welfare recipients

themselves. I would urge you to open earning opportunity to more people.

Second, we must support enterprise. I think most people acknowledge that there are not enough jobs, at least not enough jobs paying sustaining incomes for all the folks that want them. We must do everything we can to support the efforts of low-income people to create jobs for themselves. We are now completing the evaluation of a five State welfare Self Employment Investment Demonstration where we explored the extent to which self-employment could be an escape from poverty.

In brief, we found that the percentage of people primarily relying on AFDC for their income decreased from 74 percent to 26 percent in that program. Self-employment and targeted jobs creation must be a permitted and supported part of any work program.

Finally, we must build assets. People are not going to be able to mount long-term escapes from poverty and not return without building savings. Thomas Jefferson recognized this years ago.

But we have had a bifurcated policy in this country. We subsidize asset acquisition by the nonpoor to the tune of \$160 billion annually through the tax system. We have penalized it for the poor. Both the Personal Responsibility Act and the American Dream Savings Account Act recognize that we must allow the poor to build assets. But neither of them provides the incentives to low-income people that we provide to nonpoor Americans.

Matching the savings of low-income people can yield benefits. A preliminary analysis being completed by my staff shows that for every dollar the government would invest in building individual development accounts for the poor, the Government would receive \$1.33 in benefits; the society would receive \$2 in benefits; and individuals would receive \$5 in benefits. We must invest in people.

Thank you.

[The prepared statement follows:]

Testimony of
Robert E. Friedman* and Cicero Wilson**
Corporation for Enterprise Development***
Before the Subcommittee on Human Resources of the
Committee on Ways and Means of the
U.S. House of Representatives

Hearing on Welfare Reform
February 2, 1995

Mr. Chairman and Members of the Committee:

Thank you very much for the opportunity to testify before you today. Much of the welfare reform debate is depressing and negative—an attempt to root out irresponsibility, misbehavior, fraud, waste and expense. We want to discuss the other side of welfare reform: the opportunity to use this reform to create hope and jobs and enterprises; to build families, communities and economies; to develop assets and enduring escapes from poverty.

For the past fifteen years the Corporation for Enterprise Development (CFED), a national, non-profit economic development policy organization, has been working largely at the state and community level to develop and test effective strategies for creating enterprises, jobs and viable economies in low-income communities. To that end, we sponsored the five-state Self-Employment Investment Demonstration for welfare recipients, and helped create the national microenterprise movement. We have helped a number of states craft overall economic development strategies and welfare reform initiatives, including Iowa's Family Investment Program which has already resulted in a 70% increase in employment and a 7% reduction in average grant levels. Finally, we have been leading advocates for asset-building anti-poverty strategies, and have worked to launch Individual Development Account demonstrations at the community, state and Federal levels.

Ever since the New Deal, which set the framework for the United States transfer payments systems, U.S. anti-poverty efforts have focused on income maintenance and social service provision. The limits of this approach are becoming clear: as William Raspberry put it, the income maintenance system has become a sort of economic methadone which eases the pain of poverty and unemployment but does not address the underlying causes. Worse, if unintentionally, the current system actually penalizes poor families who attempt to move forward through education, work or self-employment.

This welfare reform at the Federal level offers the possibility, for the first time in this century, to add a substantial development component—one designed to encourage, enable and support low-income people moving into the mainstream economy as skilled employees and entrepreneurs.

While there are certainly vast unmet needs for food, shelter, clothes, and the other necessities of life, we are convinced that the economic, social, and political frontier of efforts to combat poverty in this country lies not so much in zero-sum income maintenance and income redistribution, as in positive-sum efforts to increase the ability of poor Americans to compete with success in the world labor market. We must devote our attention to encouraging and enabling low-income Americans to move forward as they see fit—through education, employment, self-employment—to build their economic future and ours. Only by creating viable paths out of poverty for those ready and able to move can we shrink the number of families dependent on public support and increase the adequacy of that support.

This strategy offers to expand the economic pie while including in that greater prosperity people and communities confined to the margins of the mainstream economy. It is an investment strategy designed to yield returns substantially in excess of the initial investment. It coheres with the values of most Americans who believe fundamentally with the proposition that all people deserve a reasonable opportunity to support themselves and their children. It can breed social respect, trust, and cohesion. Perhaps that is why provisions like these are included in most of the proposed reform bills being considered in the Congress, reflecting the broad, bipartisan support they command.

* Robert E. Friedman is Chairman and Founder of the Corporation for Enterprise Development, author of the book, *The Safety Net as Ladder: Transfer Payments and Economic Development*, and has spent the last two decades researching, developing, demonstrating and disseminating economic development strategies.

**Cicero Wilson, Project Director with the Corporation for Enterprise Development, formerly headed the Neighborhood Revitalization Program at the American Enterprise Institute, and has run youth programs, small businesses, and evaluated and researched program and policies for Abt Associates.

***The Corporation for Enterprise Development is a national non-profit economic development policy research and consulting organization founded in 1979.

If we are to reduce the size (and expense) of the welfare caseload, and, at the same time, reduce the need for welfare (that is, reduce poverty), then we will have to create paths to sustaining private sector jobs. We know that a large—perhaps the largest group of welfare recipients—are not people who rely on welfare briefly and then leave permanently, nor those who remain dependent on welfare for long and continuous spells (<15%), but folks who cycle between welfare and low-wage temporary jobs or training programs which do not lift them out of poverty.¹ Even the most successful welfare reform programs, like the GAIN program in Riverside, California, find that at the end of three years, more than half of recipients are still on welfare and without work, and 80% of program participants are still poor.² In many American communities, the jobs needed to lift recipients out of poverty are simply not available in sufficient numbers.

There are three key strategies for opening doors to economic independence to welfare recipients and their families:

- **Reduce the penalties** confronting welfare recipients who try to escape poverty through education, work, self-employment or saving.
- **Encourage enterprise** by including self-employment and targeted enterprise development as eligible and supported activities in any work program.
- **Build Assets** by matching the savings of poor and working poor Americans in Individual Development Accounts used for education, training, home ownership or business capitalization.

Devolution and Empowerment

Before reviewing these recommendations, let us comment briefly on devolution and empowerment. As economic development professionals, most of our work over the last two decades has been at the state and community level. That was due, in no small part, to the fact that states and localities were the most willing to move and innovate; for them, business as usual was riskier than the possible failure at trying something new. So innovate they did—pragmatically, conscientiously, within the bounds permitted by the Federal government and their own resources. We therefore come before you with enormous respect for the capacity of states and localities to govern themselves, and a very practical understanding of the harm done by undue restrictions and fragmentation in Federal programs. We believe in devolution of authority and responsibility to the state and local level.

But we also believe that the real devolution and empowerment must accrue to individuals—even low-income people themselves—and their community associations and institutions. How do communities (and the individuals within them) develop? We think John McKnight provides the most succinct and accurate answer:

[E]ven the poorest neighborhood is a place where individuals and organizations represent resources upon which to build. The key to neighborhood regeneration...is to locate all of the available local assets, to begin connecting them with one another in ways that multiply their power and effectiveness, and to begin harnessing those local institutions that are not yet available for local development purposes.³

The beginning of development lies with people aspiring to a better life.

"All the historic evidence indicates that significant community development only takes place when local community people are committed to investing themselves and their resources in the effort. This is why you can't develop communities from the top down, or the outside in.

¹ See Mark Greenberg, *Beyond Stereotypes: What State AFDC Studies on Length of Stay Tell Us About Welfare as a "Way of Life"*, Washington, D.C.: Center for Law and Social Policy, July 1993.

² James Riccio, Daniel Friedlander, and Stephen Freedman, *GAIN: Benefits, Costs and Three-Year Impacts of a Welfare-to-Work Program*, New York: Manpower Demonstration Research Corporation, c. 1994; also Testimony of John W. Wallace before the Subcommittee on Human Resources of the House Ways and Means Committee, August 9, 1994.

³ John L. McKnight and John P. Kretzmann, *Building Communities from the Inside Out: A Path Toward Finding and Mobilizing a Community's Assets*, Chicago, IL: Northwestern University Center for Urban Affairs, c. 1994, p. 5.

You can, however, provide valuable outside assistance to communities that are actively developing their own assets...Communities have never been built upon their deficiencies. Building community has always depended upon mobilizing the capacities and assets of a people and a place."⁴

"Every single person has capabilities, ability and gifts. Living a good life depends on whether those capacities can be used, abilities expressed and gifts given. If they are, the person will be valued, feel powerful and well-connected to the people around them. And the community around the person will be more powerful because of the contribution the person is making."

"Each time a person uses his or her capacity, the community is stronger and the person is more powerful. That is why strong communities are basically places where the capacities of local residents are identified, valued and used."⁵

"Community development," McKnight notes, is "asset-based, internally-focused and relationship driven:"

- Asset-based: Community development "starts with what is present in the community, the capacities of its residents and workers, the associational and institutional base of the area."⁶
- Internally-focused: "The development strategy focuses first of all upon the agenda building and problem solving capacities of local residents, local associations and local institutions...[T]his...internal focus is not intended to minimize either the role external forces have played...not the need to attract additional resources to these communities...Rather this strong internal focus is intended simply to stress the primacy of local definition, investment, creativity, hope and control."⁷
- Relationship driven: One "of the central challenges for asset-based community developers is to constantly build and rebuild the relationships between and among local residents, local associations, and local institutions."⁸

That is why we believe that welfare reform must empower welfare recipients, their families and communities, even as it imposes the full responsibilities of citizenship upon them.

Recommendation One: Reduce the Penalties

Perhaps the greatest problem with the current welfare system is not so much that it rewards indolence as that it penalizes effort. Under current law, welfare mothers who save for their (or their childrens') college educations, purchase (or are loaned) business equipment, or simply save for a rainy day, thereby exceed the \$1,000 asset limitation, lose both AFDC and Medicaid eligibility. The effective tax rate on earned income can reach 100% or more, making work uneconomic. And the only kind of car allowed is one that will surely to break down, making steady employment impossible. Medicaid and child care are often denied people pursuing employment and self-employment, and withdrawn too soon to allow for the transition to self-sufficiency.

Welfare reform must address and reduce these sorts of penalties if the energies of recipients are to be unleashed. We must at least allow welfare recipients to move toward full participation in the mainstream economy—as skilled employees, entrepreneurs, savers and investors. That is, we must make work pay.

⁴ John L. McKnight and John P. Kretzmann, "Mapping Community Capacity", Evanston, IL: Center for Urban Affairs and Policy Research, unpublished paper, c. 1992.

⁵ *Ibid.*, p. 13.

⁶ *Ibid.*, p. 9.

⁷ *Ibid.*

⁸ *Ibid.*

Section 605 of H.R. 4, The Personal Responsibility Act (PRA) wisely recognizes the counter productivity of such penalties, and would disregard resources and income designated for education, training, employability and self-employment. More specifically, Section 605 would allow the accumulation of up to \$10,000 in a qualified savings account or a microenterprise, and treat as income only the net profits taken out of a microenterprise. These provisions are important, crucial and commendable. We strongly support them.

There are a few other barriers to pursuing economic independence that should also be reduced:

- **The Automobile Asset Limit:** AFDC recipients are currently allowed to own a car worth \$1,500, that is, one virtually assured to break down. Especially in rural areas where there is little public transportation, this limit means that AFDC recipients cannot reliably reach the job or training program that offers an escape from poverty. At the very least, we should increase the automobile limit in the AFDC program to conform to the Food Stamps Program's \$4,500 market value. As of July of last year, 25 states had requested or been granted waivers to the AFDC automobile asset limits.⁹
- **The Treatment of Earned Income:** After four months, welfare recipients who work find their grant reduced a dollar for every dollar earned (after a work expense disregard). This translates into an implicit tax rate of 100%. When one examines the interaction of AFDC, Food Stamps, Medicaid and Housing subsidies, the effective tax rate can rise to 300%. It is not difficult to understand that such penalties discourage work. It should not be surprising then that a majority of the states (28 as of the middle of last year) had requested or received waivers to disregard a greater share of earned income. Nor should it be surprising that states which have reduced these penalties have experienced substantial increases in the percentage of welfare recipients working and reporting earned income along with significant decreases in average grant levels. Indeed, a number of states which have begun to reduce the penalties for employment and self-employment in many of the ways outlined below have indeed experienced just these effects. Michigan's increase in the work disregard to \$200 and 20% of earnings resulted in an increase in the percentage of the caseload employed from 15.7% in September 1992 to 23.3% by December 1993; Utah's \$100 and 45% disregard increased employment from 18% to 24%; Illinois 2/3 disregard increased percentages by 33%; and Iowa's earnings, assets, and family provisions increased the percentage 69% while reducing grant levels 7% in nine months. While the experience is too young to derive a full cost-benefit for these changes, this early experience at least suggests changes in the expected direction. We strongly recommend that welfare reform legislation reduce the effective tax (the benefit reduction ratio) on earned income by fully disregarding work-related expenses and reducing the welfare grant by no more than 50 cents for each dollar earned.
- **Earnings of Children:** Twelve states have requested or received waivers to disregard the earnings of minor children to encourage enterprise and work. We believe that such an exemption would pay for itself in both behavioral and economic terms.
- **Public Housing Rents:** Public housing rents rise as income does, often rising above the fair value of the housing and making working uneconomic. Such rents should be capped at some level to increase work motivation.

The question arises of whether such reductions in the penalties confronting welfare recipients who try to escape the bonds of poverty should be at the option of states, or made uniform across the nation. At the very least, they should be made optional: by their actions, a majority of states have asked for the ability to reduce such barriers. We do not yet have final cost-benefit figures for these changes, nor do we know the optimal level of the disregards (for example, state increases in earnings disregards range from disregarding the first \$30 and 1/6 of additional income in Wisconsin to disregarding 100% of earnings in Massachusetts), so allowing experimentation makes sense.

On the other hand, there is more demand from states and more evidence of the effectiveness of these sorts of changes than for many of the provisions (like family caps and denial of benefits to children

⁹ Julie Strawn, Sheila Dacey, and Linda McCart, Final Report: The National Governors' Association Survey of State Welfare Reforms, Washington, D.C.: National Governors' Association, July 1994.

born out of wedlock) which would be imposed on all states by H.R. 4. Moreover, since these sorts of changes require easing eligibility standards and thus risking short term increases in costs in return for longer terms savings—half of which would accrue to the Federal government—there is a strong Federal interest in reducing the impediments to state action. Finally, given the overwhelming, bipartisan desire to reorient the welfare system toward promoting work, removing these work disincentives becomes central to transmitting the changed message. Finally, this is one area where we perhaps need to draw the line between empowering states and empowering people: the opportunity to confront the economic and social challenges of moving into the mainstream economy without undue interference from the welfare system is one that we may want to reserve to the people themselves, not the government.

Recommendation Two: Encourage enterprise

We know that, at least in some communities, there are simply not enough jobs available to welfare recipients seeking work, and, in particular, full-time jobs offering wages capable of sustaining a family. While we can debate the extent of this jobs shortfall among welfare recipients and in poor communities, there is little disagreement with the proposition that it makes no sense to deny unemployed welfare recipients a reasonable opportunity to create jobs for themselves (and their neighbors). Indeed, the key to a more competitive and inclusive economy lies in encouraging all our citizens, including welfare recipients, to become economically active. While most businesses created by welfare recipients would likely be quite small—generally employing four or fewer employees and thus termed microenterprises—it should be noted that between 1989 and 1991 (the most recent period for which this data is available), these smallest of firms created virtually all of the net new jobs in the country (some 2.6 million jobs net).¹⁰

In 1986, the Corporation for Enterprise Development (CFED) launched the Self-Employment Investment Demonstration (SEID), a multi-state¹¹ demonstration project designed to test the extent to which self-employment might offer a feasible and promising route out of poverty for AFDC recipients. While the final evaluations of SEID are not yet complete,¹² SEID has already yielded important lessons about the role self-employment can play in reducing welfare receipt—and the need for welfare. Among SEID's lessons for welfare reform:

- **A small but significant number of welfare recipients will choose to start businesses and can do so successfully.** As of September 30, 1991, 371 businesses were started by welfare recipients.¹³ Seventy-nine percent of SEID businesses are still operating 2-5 years later.¹⁴ Overall, 57% of participants in SEID had positive outcomes including business operation, employment or education.¹⁵
- **Self-employment offers the potential for substantial welfare savings.** The Manpower Demonstration Research Corporation (MDRC) found that 61% of SEID participants were long-term recipients,¹⁶ suggesting that if self-employment indeed

¹⁰ "New Data Show Smallest Firms Are Nation's Greatest Job Creators," Washington, D.C.: Small Business Administration, Press Release, September 30, 1994.

¹¹ Five states—Iowa, Michigan, Minnesota, Mississippi and Maryland—participated in SEID.

¹² The results of a survey of 120 SEID Business Owners conducted by the School of Social Work of the University of Iowa will be released in a month, and the results of cost benefit studies and CFED's own assessment of the lessons should follow closely upon the heels of that release.

¹³ Data from program records. See "Lessons from the Self Employment Demonstration," Washington, D.C.: Corporation for Enterprise Development, October 1991.

¹⁴ Salame Raheim and Catherine Foster Alter, *Self-Employment Investment Demonstration Final Evaluation Report, Part I: Participant Survey*, Iowa City, IA: School for Social Work, University of Iowa, forthcoming.

¹⁵ See "Lessons..." *op cit.*

¹⁶ Cynthia A. Guy, Fred Doolittle, and Barbara L. Fink, *Self-Employment for Welfare Recipients: Implementation of the SEID Program*, New York: Manpower Demonstration Research Corporation, August 1991, p. 88. MDRC did note that since SEID participants were significantly different from other long-term recipients (having higher-than-average educational and work experience backgrounds as well as larger families) it is unknown whether their prospects are similar to other long-term recipients.

offered an escape from welfare, substantial savings could accrue. A subsequent survey of SEID business owners found that the percentage reporting primary dependence on AFDC as a source of income declined from 74.2% of the sample at entry into SEID to 25.8% now—a 65% decrease.¹⁷

- **Self-employment increases incomes and assets of welfare recipients, as well as producing significant intangible effects on family welfare, self-esteem and education levels.**¹⁸
- **Microenterprise started by welfare recipients can create additional jobs and become a source of enterprise growth in low-income communities.** Minorities and women participated in SEID in proportion to their presence in the population, suggesting that self-employment may provide a means of equalizing business participation rates for groups and communities traditionally under-represented in business.¹⁹ One-quarter of the businesses created jobs in addition to that of the business owner, so that overall, SEID businesses created 1.8 jobs per business.²⁰
- **Welfare recipients enter poverty for different reasons and will escape through different routes. Among the poor are people of considerable talent and energy whose futures are limited by lack of opportunity, not lack of capacity.** Most SEID participants were long-term welfare recipients with larger than average families and stronger educational backgrounds and work histories than most recipients—a group no one previously identified.²¹ This should remind us that welfare recipients are not a homogeneous group of irresponsible, untalented people, and that any one-size-fits-all welfare reform is likely to fail.
- **Policy must change if self-employment is to become a viable option for welfare recipients.** Sixty eight percent of SEID business owners in the survey reported that they could not have started their business without the Federal waiver of current AFDC policies.²²

It should be noted that self-employment is not an option for most welfare recipients, but each 1% of welfare recipients choosing self-employment means nearly 50,000 businesses and 90,000 jobs. Moreover, while MDRC concluded that self-employment programs were so difficult to run that any significant program would be impossible, but, however difficult they are to mount, hundreds of self-employment/microenterprise programs designed to help low-income and unemployed people start businesses have grown up around the country in the years since SEID. Though still young and maturing, 195 of these programs in 44 states have already served more than 200,000 disadvantaged Americans, started 22,000 businesses, expanded 34,000 and lent \$44 million.²³ Most (at least two-thirds) of these programs already attempt to serve welfare recipients, although the barriers noted above make it difficult. In addition, promising models of training enterprises, sectoral initiatives, cooperatives, wage subsidies and placement bonuses are emerging around the country.²⁴ Though these initiatives are not sufficient to fill the need, if developed and supported, they offer to create jobs targeted to welfare recipients in an increasingly cost-effective manner.

¹⁷ Raheim, *op. cit.*, p.

¹⁸ *Ibid.*

¹⁹ "Lessons..." *op. cit.*

²⁰ *Ibid.*

²¹ Guy, *loc. cit.*

²² Raheim, *et.al.*

²³ Margaret Clark, Tracy Huston and Barbara Meister, *1994 Directory of U.S. Microenterprise Programs*, Washington, D.C.: Self-Employment Learning Project of the Aspen Institute, c. 1994.

²⁴ For a review of model programs, see William Schweke, *Jobs for the Poor, by the Poor*, Washington, D.C.: Corporation for Enterprise Development, forthcoming.

Based on this experience, we recommend that any Federal welfare reform legislation not only remove the asset and income barriers to self-employment noted above, but also make self-employment and other targeted job creation initiatives an option in any work program, and render them the same support afforded to recipients who chose education or wage employment.

Recommendation Three: Build Assets

As Michael Sherraden argued in his seminal book, *Assets and Poor: A New American Welfare Policy*,²⁵ people escape poverty and achieve wealth through asset acquisition, not simply income. One of the clearest failures of the current welfare-to-work policy is that we raise people only to the poverty line, leaving them without a cushion, and are, therefore, one sickness, one accident or one divorce away from poverty. Indeed, we now know that the key employment challenge is not connecting welfare recipients with their first job, but developing long-term employment in jobs capable of sustaining a family above the poverty level. Owning assets gives people a stake in the future—a reason to save, to dream, to invest time, effort, resources in creating a future for themselves and their children. As Sherraden notes, "Income may feed people's stomachs, but assets change their heads."

In the earliest stages of this republic, Thomas Jefferson recognized that property-holding lay at the heart of full participation in American political, social and economic life. In *Assets and the Poor*, Sherraden notes that people escape poverty the same way they achieve wealth—through asset acquisition. Accumulating even a small pool of savings buffers a family from the illnesses and the accidents that otherwise become crises. Assets give the luxury of imagining a brighter future; it enables people to plan and prepare for that future; and, ultimately, to invest in themselves and their children. People are often surprised at the suggestion that welfare recipients who scarcely have enough adequate resources to eat or find shelter may be willing to save money. But in public housing complexes and poor communities around the country, families choose to forgo current consumption and put a few dollars away...because that is the price of family stability, the price of hope. It is people without hope that have children they can't care for and trifle with their own lives and those of others. "Assets," notes Sherraden, "are hope in concrete form."

One-third of American households are asset-poor, in that they have no or negligible investable assets.²⁶ Twice that—some 67% of African Americans—are asset-poor. And asset poverty has been increasing for at least two decades.²⁷ This comes at a time when the price of entry to the American economic mainstream—measured in terms of the cost of an adequate education, business capitalization or home ownership—has increased. Asset owning has become a sort of economic grandfather clause, every bit as insidious as the voting clauses of days past.

This pattern of asset-holding is abetted by a bifurcated national policy—we subsidize asset acquisition for the non-poor in the amount of \$160 billion annually at the Federal level in the form of the home mortgage deduction, preferential capital gains, and pension fund exclusions. Meanwhile, we actually penalize asset acquisition by the poor by denying eligibility to welfare recipients who exceed the \$1000 asset limitation by acquiring the piece of business machinery that could enable them to create their own job, or saving for their children's college education, or acquire a car capable of reliable transportation to work.

It is possible to create asset building policies that do not discriminate against the poor. In the Homestead Act, we provided 160 acres and a mule to Americans willing to work the land. Through the GI Bill, we bought college educations for a generation of people who served their country in time of war; they in turn drove our post-war economic expansion.

We need to develop policies which will help all Americans, including welfare recipients willing to work and save, build the assets which they need to achieve self-sufficiency for themselves and growth for the economy.

²⁵ Michael Sherraden, *Assets and the Poor: A New American Welfare Policy*, Armonk, NY: M.E. Sharpe, Inc., c 1991.

²⁶ M.L. Oliver and T.M. Shapiro, "Wealth of a Nation: At Least One Third of Households are Asset-Poor," *The American Journal of Economics and Sociology*, vol. 49, No. 2, April 1990, pp 129-150.

²⁷ *Ibid.*

Individual Development Accounts (IDAs) are leveraged saving accounts which permit savers to withdraw funds only for select purposes such as higher education, capitalizing a small business or a down payment on a home. IDAs are an effective vehicle to assist low-income individuals accumulate assets and invest in their own personal development. Deposits by low-income savers in an IDA can be matched by other individuals, church congregations, employers and government.

There are several IDA pilot projects currently being operated by churches, corporations and community-based organizations around the country—in places as far flung as Tupelo, Mississippi, Indianapolis, Indiana and Bozeman, Montana. "I Have A Dream" Programs in 44 cities promise college tuition to students who stay in school; savings clubs proliferate in public housing complexes where women match each others savings to provide an emergency fund all can tap; banks and churches are developing home ownership programs wherein savings for down payments on houses are matched; and low-income entrepreneurs build up assets in their businesses. Six states have sought or been granted waivers which allow AFDC recipients to build up savings in qualified asset accounts. Iowa has authorized a pilot program of Individual Development Accounts under which the state will provide refundable tax credits to Iowans below 200% poverty. Oregon's Jobs Plus program provides that employers who hire welfare recipients with a hiring subsidy paid for by cashing out AFDC and Food Stamp benefits deposit \$1 for each hour worked into an IDA earmarked for future education and advancement. More states, banks, and thousands of microenterprise programs and neighborhood development corporations, and organizations such as the Congress of National Black Churches, the National Federation of Community Development Credit Unions stand eager to launch IDA programs if only the Federal government will become a partner.

We recommend that as part of welfare reform, Congress authorize a five-year, \$500 million IDA Demonstration which would leverage the development of 100,000 IDA accounts for low-income Americans (not just AFDC recipients, but also working poor households making less than \$25,000 annually). Bills with such provisions have been introduced in previous session of the Congress by bipartisan sponsors including Tony Hall, Bill Emerson, Bill Bradley and Orrin Hatch. A more modest version of a national IDA demonstration was introduced as part of the Administration's proposal last year. Earlier this week, Rep. Hall mentioned his intention to soon introduce such legislation.

Building assets for the poor ought to be considered in another context as well. After all, our argument here is not that asset-building is important for the poor, but that it is important for all Americans; unfortunately, policy to date has subsidized asset development only for the non-poor. Later this session, this Committee and this Congress will consider expanding Individual Retirement Accounts so that this asset-building tool can be used by middle income and wealthier Americans for education, home ownership and medical care as well as retirement. Included in the Contract With America, this proposal has also been endorsed by the President. For all the reasons cited above, this effort to reaffirm the American Dream makes sense. But as currently proposed, for example, in S. 12 introduced by Senators Roth, Breaux, Pryor and Murkowski, the "Savings and Investment Incentive Act of 1995" would continue the discriminatory bifurcated policy that offers tens of billions of tax incentives to the non-poor while leaving out most poor and working poor. To the credit of the sponsors of this legislation, it does address the issue of assets for the poor—it contains provisions that would lift the asset penalties for AFDC savers noted above. But while it would allow the poor to accumulate assets in a demonstration under rigorous evaluation requirements, it would provide tens of billion of dollars in tax incentives to the non-poor as an entitlement and without any evaluation. We would argue that what is good for the non-poor is good for the poor, and recommended that these "super-IRA" or "American Dream Account" proposals be amended in two ways:

- Expand the allowable uses to include business capitalization.
- Add a refundable tax credit equal in value to the benefit conferred on higher income savers for American households with less than \$25,000 a year in household income. These tax credits should match all savings in a qualifying account up to \$1,000. This would encourage private, state and local matches. The refundable tax credit could be deferred until withdrawal from the account.

Costs and Returns: It may will strike you as crazy for us to come before you with proposals to invest \$500 million to several billion over 5 years in asset development for the poor at a time when the search for cuts to even proven spending programs proceeds in earnest. But just as poor Americans can ill afford less food and shelter choose to save for the possibility of a better future, so must the country.

IDAs represent the center of a new investment policy in contrast to the current income/consumption maintenance policies. We use investment in the old-fashioned and precise sense of an application of resources today that creates greater returns tomorrow. We at CFED have recently estimated the likely outputs of an investment in IDAs, and will soon release a return on investment analysis based on the best available data. We estimate that 100,000 accounts with an average personal saving of \$10 a month by low-income Americans, matched 1:1 by private individuals and state and local governments, with the Federal government matching those contributions will produce in just five years:

- 10,000 businesses
- 30,000 first homes
- 30,000 post-secondary educations
- 63,000 job-years
- \$450 million in business revenues
- \$500 million in personal income increases
- \$190 million in savings in community institutions²⁸

A more conservative and rigorous examination of the probable returns from a national investment in Individual Development Accounts suggest that over 10 years:

- For every \$1,500 invested by government in IDAs, government will accrue \$3,000 in direct increased tax revenues for an internal rate of return well over 15%; and
- That investment by government matching private savings results in an additional \$7,000 in income to each IDA holder, and \$3,000 to society at large in the form of new jobs and improved economies.

These figures assume that one-half of the outposts noted above would have occurred otherwise; that is, we cut the estimated return in half. They do not quantify expected changes in hope, initiative-taking, family stability, civic participation, and involvement in childrens' educations. In a larger sense, of course, these projections are like the returns included in the business plans of proposed ventures; we will never know the true returns unless we risk the investment.

We hope this Committee will embrace the full promise of welfare reform, attempting not only to curb the wrongs, but seizing also the opportunity to build families and communities and economies.

²⁸ Robert E. Friedman, "Assets in the 21st Century American City," Washington, D.C.: Corporation for Enterprise Development, 1994.

Mr. McCRERY. Thank you, Mr. Friedman.
Now, Mr. Goldstein.

**STATEMENT OF JAMES GOLDSTEIN, BENEFITS COORDINATOR,
AIDS PROJECT OF THE EAST BAY, OAKLAND, CALIFORNIA**

Mr. GOLDSTEIN. Mr. Chairman, my name is James Goldstein, and I am benefits coordinator at the AIDS Project of the East Bay in Oakland, California.

—My job at the AIDS Project is to assist people with HIV in accessing private and public benefits. Most of my work involves providing assistance with the Social Security and SSI disability process. And because Oakland, and Alameda County generally, contains many communities struggling with the dual afflictions of poverty and drug use, much of my work also involves people with substance use disability.

Mr. Chairman, I have submitted written testimony which discusses the epidemic of substance use in all parts of this country. I have discussed how the rigorous eligibility process keeps total numbers of substance use recipients to 1 percent of all SSI claims. I have discussed how AIDS is following the substance use epidemic wherever it goes and how discontinuing the SSI Program for people with substance use disabilities would not only prevent these individuals from ever stabilizing their lives, but would cause an even greater increase in HIV transmission.

I have further discussed how the economic costs saved by discontinuing the program would be far offset by the increase in AIDS disability SSI claims, as well as Medicaid claims, and how local and State government would bear a further economic burden by having to provide increased indigent medical care and poverty assistance.

I have also discussed how Congress dramatically cut costs in this program last year by limiting SSI's substance use benefits to a maximum of 3 years, revising the payment process, and further cut costs by applying the same sanctions to Social Security substance use claims as well.

Yet, we have not even seen the effects of these new sanctions and already there are calls to eliminate the program entirely. And it is for this reason that I have come to this Committee today.

Addiction is not a moral issue; it is a disease. It is a disease that can affect anyone, anywhere, regardless of race, or class, or region. But nowhere is the severity of this disease more exacerbated, nowhere are its symptoms more extreme and its treatment more difficult and protracted, than in low-income communities in this country.

Crime, and poverty, and lack of education and opportunity not only cause substance use, they are caused by substance use. It is the result of this cycle of poverty, and addiction, that organizations like the AIDS Project confront throughout the United States, on a daily basis.

Yet, substance use is a disease that people truly, valiantly struggle with every day. In my work in Oakland and throughout Alameda County, I have seen heroic efforts by people in the worst of circumstances confront enormous odds: Women forced to leave their children with relatives or in foster care for months because they re-

alize the only hope they have of staying off drugs is to live in a residential treatment program.

I have seen people stay in Narcotics Anonymous meetings all day long to avoid going back out on the streets to an environment that every second pushes them to use, and I have seen people in the devastating throes of AIDS struggle against the overwhelming desire to escape the pain and torture of this disease by turning to alcohol and drugs.

I have traveled across the country to let you know, Mr. Chairman, what these people are confronting. They deserve a chance, a chance to stabilize their lives, a chance to realize a future for themselves, a chance at a life without addiction.

There was a man who came into the AIDS Project several months ago, and he came in because he was scared. His substance use had driven away his girlfriend; his immune system was shutting down; and he was developing the chronic fatigue and drastic weight loss associated with advancing HIV disease.

I helped him get on SSI, which allowed him to get into a drug treatment program and enabled him to receive medical care for his HIV disease. Today, he has regained his weight; his T-cell count has increased; and he finally sees a future for himself. He could not have done any of this without SSI assistance.

When I told him I was coming here to give testimony and I asked him what he wanted me to say, he thought for 1 minute and said: You know, they are all Republicans now, and I do not think they care about any of us, and I cannot think of anything to say that would make them care.

Mr. Chairman, I promised this man that I would pass along this message, in addition to my own personal hope that it is truly not the case. And I yield back the balance of my time.

Thank you.

[The prepared statement follows:]

**Testimony Before
the House Ways and Means
Subcommittee On Human Resources
given by James Goldstein
Benefits Coordinator, AIDS Project of the East Bay
February 2, 1995**

Mr. Chairman:

My name is James Goldstein, and I am the Benefits Coordinator at the AIDS Project of the East Bay in Oakland, California. The AIDS Project is the largest AIDS service organization in Alameda County, California, providing services to approximately 700 people with HIV. The services we provide include case management, emergency food and housing assistance, education prevention, testing, counseling and assistance accessing public and private benefits.

Like every AIDS service organization in major metropolitan areas throughout the country, the AIDS Project of the East Bay is on the front lines of confronting the AIDS epidemic. One of the most important aspects of the epidemic that has recently emerged is the continuing, and disturbing, growth of AIDS in low income urban communities where drug use has become the main route of transmission. With these two epidemics feeding off each other, and with proposals being made to discontinue the SSI program for substance users, an important question should be asked: What are the consequences for people with HIV, and for HIV transmission, if the SSI program is discontinued for substance users?

I assert that SSI provides a significant means to stabilize individuals with substance-use conditions who would otherwise engage in criminal behavior, become infected with HIV, infect others with HIV. It is also an economic means of preventing expensive incarceration and expensive medical treatment for themselves and those they may infect with HIV. Further, it provides an important means of preventing new HIV infections.

The Epidemic of Substance Use

Although people may tend to think of substance use as a problem of moral character, it is a disease; and this fact is recognized by the medical community in this country. Because it is a disease, substance use is one category of disability in both the Social Security and SSI programs. Though there is a popular perception that it is extremely easy to qualify for SSI based on drug use, this is not the case. Like all alleged disabilities in the two programs, substance use must be **medically** documented. What is different about substance-use is that an individual must not only show that they are addicted to drugs, but also that this condition is so grave it has led to a mental disorder which would independently qualify them for benefits. Further, physicians must be able to document this clinical, medically determined mental disorder, and must also find that the individual's total condition is characterized by marked restrictions in their functional capacity. This is a very high hurdle, and one which certainly precludes individuals from simply walking down to their local Social Security office and applying for SSI benefits simply

because they state they use drugs. Indeed, this hurdle is so high that, in Alameda County, most substance-use claims are denied at the initial application stage.

Further, individuals with substance-use conditions and AIDS may not qualify for benefits based on having AIDS because the present Social Security and SSI disability regulations do not allow an individual to become eligible for benefits based on having a diagnosis of AIDS. Individuals with AIDS must be in the advanced stages of the disease before they qualify for benefits. Because of this, people with AIDS stay on benefits, be it Social Security or SSI, for usually less than five years.

Despite these high hurdles, the number of substance-use recipients on the SSI roles has grown dramatically. In California, the number of substance-use SSI recipients has risen from 12,000 in 1992 to almost 29,000 in 1994. In Washington, it has grown from 1,300 to almost 2,500. In Michigan, from almost 1,600 to over 9,000. In Tennessee, from almost 300 to over 3,000. Interestingly, though, in places such as New York, New Jersey and Pennsylvania, the numbers have stayed relatively stable, with New York doubling their numbers to slightly over 3,600, New Jersey doubling to slightly below 500, and Pennsylvania doubling their numbers to slightly over 2,300. In spite of all this growth in the U.S., only 95,000 individuals are on SSI based on substance use, which is approximately 1% of the total number of SSI recipients nationwide (approximately 9,000,000).

What these statistics show is that, despite the high hurdles to qualification for disability benefits based on substance use, which keep the overall numbers of SSI substance-use recipients low, we are truly facing a growing epidemic of drug use in this country, an epidemic which is affecting small states as well as large, and which cuts across regional lines. Most importantly, people are truly becoming disabled as a result of this epidemic.

What is often not focused on is that HIV is following this epidemic everywhere it goes. Indeed, based on nationwide local health jurisdiction reports, upwards of 50% of all new HIV transmission rates in low-income, urban communities are a direct result of drug use. Even in states with less urban populations, such as Nevada and Washington, the figure is approximately 20%. Of the almost 2,000 substance-use SSI recipients in Alameda County, California, it is estimated that 25%-35% are infected with HIV. In other low income, urban areas across the country, the figures are similar. What is more important is that the trend is increasing. Substance use is not only a direct means of HIV transmission, through needle sharing, it is also an indirect means of transmission because drug use frequently leads to unsafe sexual behavior, a fact which is overlooked by the statistics. As HIV transmission rates continue to increase in these communities, more and more individuals with substance-use issues will become HIV positive, and continue developing AIDS at a faster rate than normal as their drug use compromises their immune system.

Sanctions Applied to Substance-Use SSI Recipients

There have traditionally been certain "sanctions" applied to substance-use SSI receipt. Recipients were required to go into treatment programs, or risk losing their benefits. There are referral and monitoring agencies in most states, which monitor recipient compliance with this requirement and advise recipients of available treatment options. Further, recipients were required to get representative

payees who would take control of their checks and ensure that their funds would not go toward drug use.

Concerns about fraud and abuse in the system led Congress to radically change the SSI sanctions last summer. Starting in March of this year, each state will be required to institute a referral and monitoring mechanism to monitor compliance with sanctions and to make referrals to available drug treatment programs. Preferred payees will no longer be family members, but non-profit community-based organizations or local government agencies. Most important, however, is that there is now a three-year time limit for receipt of SSI substance-use benefits, with no possibility of getting further SSI substance-use benefits after these three years elapse. All substance-use sanctions will also apply to Social Security for the first time under the new law.

In combination with the high standards applied to substance-use disability evaluation, these new sanctions clearly address any abuses that existed within the prior system. However, there are some problems in the new sanction regime. One of the most pressing and important problems in assisting substance-use recipients has been the inconsistent availability of treatment programs in different communities. Some communities have more treatment programs than others, and the availability of these treatment programs at any given time varies. Despite this, the three year SSI time clock will start ticking the moment an individual becomes entitled to receive benefits. This is different from the new Social Security sanction requirement, which will begin the three year clock from the date of treatment availability, as assessed by the monitoring and referral agency.

Another problematic element concerns the kinds of available drug treatment options. Many drug treatment programs (we estimate that in Oakland the number approaches 50%) are based on a religious model which may be inconsistent with the recipient's beliefs; some treatment programs use physical methods (including abuse) as treatment therapy; others may use other punitive measures, and these may also be inappropriate for many, if not all, recipients. The problem is that there are no standards, either local or federal, for treatments programs. As a result, many operate as programs to recruit individuals into certain religious institutions, others operate with incompetent or ineffectual programs, and others operate as scams, seeking only a portion of the recipient's SSI check. This explains why the recidivism rate for drug treatment programs geared to low income individuals has traditionally been upwards of 50%, and why many SSI recipients in the past have not been successful in leaving the SSI rolls.

How the new sanctions will function remains to be seen, but if no additional efforts are made to provide effective substance-use treatment these individuals will leave the SSI rolls after three years still using drugs; endangering their health and the health of others in the process.

The Consequences of Forcing Substance-Use Recipients off the SSI Rolls: The Human Cost

Despite these new sanctions, and despite the fact that we haven't had the chance to see how they function, there are proposals to cut-off the SSI program to substance users entirely.

The ramifications of this action are enormous. First, the demographics of substance-use SSI recipients do not lend themselves to successful, sustained

employment, even in the best of economic times. Substance-use recipients are remarkable in the following ways: they generally have little more than a high school education, with most having dropped out of high school and many being functionally illiterate; they generally have no marketable job skills and no significant work history, or sustained work history; they have generally been the victims of physical and/or sexual abuse as children; they suffer from any one of a number of different mental disorders, including paranoid schizophrenia and post traumatic stress disorder, and turn to drugs as a source of escaping or "medicating" their psychological pain; they live in communities where drugs are constantly used around them and where they are constantly offered drugs, and where the mean income is at, or below, the poverty line.

For an individual living in this kind of environment (who cannot financially afford to live anywhere else) taking personal responsibility is almost impossible for the simple reason that these people have an illness, and one which is completely exacerbated by their environment. It is little wonder that these individuals cannot escape the vortex of drug addiction, even when substantial and earnest attempts are made.

Second it must be understood that the two most effective ways to allow for the possibility of escape is to stabilize the income and housing of these individuals, and to connect them with local support service agencies, whether governmental or non-profit. These agencies are often the only institutions where they can go to for emotional and practical support. If this is done, an individual has a fighting chance to escape the grip of substance use. However, if an individual cannot maintain a stable, minimal income or housing situation for an extended period of time, they simply have no real chance of success. With little or no income, and marginal housing, these individuals literally have nothing, and consequently have nothing to lose. They turn to criminal activity to support their needs, as well as their drug addiction, and their substance use continues and becomes even more intractable. They run a very high chance of becoming infected with HIV, and of infecting others either through their drug use or unsafe sexual behavior.

Cutting such people off SSI eliminates any stake these individuals have in their own health or well being. The human cost is enormous. In America, 250,000 individuals have already died of AIDS. Fifty-thousand of these deaths were in California. Yet even in states not normally associated with HIV infection, such as Nevada, there have already been over 1,100 deaths. AIDS is everywhere, and substance use is one of the leading causes of its growth. One of the only means of prevention we have in this area is to stabilize individuals and give them support.

The Consequences of Forcing Substance-Use Recipients Off the SSI Rolls: The Economic Cost

In California, once an individual loses their SSI eligibility they automatically lose their Medicaid eligibility. Since the disabled eligibility criteria for Medicaid mirrors that of the Social Security and SSI programs, a substance use recipient who loses their SSI eligibility will not be able to independently qualify for Medicaid unless substance-use eligibility for Medicaid is allowed to continue. If these individuals are not allowed to keep their Medicaid eligibility, then they will most likely end up in the emergency rooms of county hospitals any time they become ill, where the cost of their care and treatment will be far greater than if they had been treated at a private facility, or in a non-emergency room setting. Local government will then have to pick up the care for these individuals, which will further strain local health care budgets.

This cost is not an insignificant one, especially for individuals with HIV who do not qualify for SSI or Social Security because their condition is not advanced enough. A 1993 study by the California Department of Housing estimated that there are already 125,000 cases of HIV which have not yet advanced to a diagnosis of AIDS among California's homeless population. A high proportion of these individuals have substance-use and severe mental disorders, and are already overflowing the county emergency wards throughout the state.

In California, the states prison population is expanding enormously with HIV positive inmates, to the extent that special wards have been established to house and treat HIV positive inmates. With passage of the new "three-strikes" law, this situation will only worsen. Thus, one way or another, government is forced to confront the fact that it will pay for the health care of indigent individuals with HIV. Even for individuals without any special health care needs, it costs between \$40,000 and \$50,000 a year to incarcerate a single individual in California.

The needless cost of emergency room care, the cost of incarceration and treatment of HIV in prison, all of these can be mitigated by stabilizing individuals who are at risk of going to prison, using drugs, and become infected with HIV or ill with AIDS.

a. It makes economic sense to try and ensure that substance users don't end up in prison. In California a maximum SSI award for a single individual with access to cooking facilities is approximately \$602.00 a month. That works out to approximately \$7,200 a year, a savings of \$32,800 a year if that person were to otherwise serve the rest of their life in prison. Though receipt of SSI income does not necessarily guarantee that a recipient will not end up in prison, it is our experience that SSI income is a very good way to stabilize an individual and get them involved with support mechanisms and services which help prevent high risk behavior.

b. It makes economic sense to treat an individual on Medi-Cal for their substance-use or HIV condition in a non-emergency medical setting, rather than seeing them in emergency rooms where the expense of treating them will be far greater.

c. It makes economic sense to prevent substance users from becoming HIV positive, or infecting others, and later developing AIDS where their condition will then be covered by both SSI and Medi-Cal, thus incurring a needless additional cost.

What must be understood is that the cost saved by cutting people off of the SSI rolls will simply be transferred to other governmental costs, either by local, state, or federal government. In this situation, an ounce of prevention is the more economical approach.

Policy Recommendations and Mitigation Measures

1. **Do not discontinue the SSI program for substance users.** The human cost and the economic cost is too high.
2. **Allow individuals to become eligible to receive benefits when they receive an AIDS diagnosis, and not force them to wait to become even more ill.**

Forcing people with AIDS to develop advanced stage disease before they qualify for Social Security or SSI is an inhumane way to treat terminally ill people. Also, it would have the effect of stabilizing substance users with AIDS and prevent new HIV transmission.

3. **Exempt certain categories of people from the present three year cut off, or from any program discontinuation, such as individuals with symptomatic HIV, or those with dependent children.** This would allow for individuals who will eventually become ill, or who have children, to continue receiving benefits. This has two advantages: it would stabilize substance users with HIV and help prevent new HIV transmission, and it would help families.
4. **Allow continued Medicaid if SSI is cut off after three years of eligibility, or if the program is discontinued for substance-use recipients.** This would prevent local or state governments from treating indigent individuals in crisis situations. It would also allow the individual the ability to pay for any treatment program (if Medicaid will pay for drug treatment programs).
5. **Measure the three year time limit of substance-use SSI benefits from the time of available treatment, rather than date of entitlement.** This is the way Social Security measure the three years now. Thus, an individual with no viable treatment options will not have the clock ticking on their benefits until legitimate treatment becomes available.
6. **Establish some basic, elementary standards for drug treatment program referrals.** If the Social Security administration monitoring and referral agencies require that treatment programs adhere to certain basic, medical standards before the agency will make referrals to these programs, it will provide incentive for treatment programs to improve quality. This would be even more effective if any Medicare or Medicaid payments were made conditional on meeting such requirements. However, the standards should be basic and fundamental, and not be so high as to preclude access by indigent individuals, or push legitimate programs out of the market.

Thank you, Mr. Chairman, for the opportunity to testify on these issues.

Mr. McCRERY. Thank you, Mr. Goldstein, and thank you all for your testimony.

Mr. Ford, do you have questions?

Mr. FORD. Thank you, Mr. Chairman.

Mr. Friedman, you talked about the economic independence of welfare recipients and their families. I see where you reduce the penalties confronting welfare recipients who try to escape poverty through education, work, self-employment, and savings.

You go on to talk about "encourage enterprise," but I am going to the last one, "build assets." You know, the AFDC Program is the means-tested program, and I guess you were referring to maybe the Federal Government matching dollars.

I have no problem with that. But we have heard testimony earlier, and in the White House Summit on Saturday, where I and Senator Moynihan, among others, discussed some type of an achievement program, entering into a contract with family members or the mother when there are kids who are 6, 7, 8, 9, and 10, 11, 12 years of age, early on to prevent some of the teen pregnancy problems and other violent problems that we see in poverty-stricken families and the community as a whole.

You only talk about the working poor Americans and some kind of individual development accounts used for education, training, home ownership, or business enterprising.

Could you maybe talk a little bit more about that, or could you focus on something like an achievement type of program for the age group from 7 to 13 years of age where we find the teen pregnancy and other problems that exist in the welfare population?

Mr. FRIEDMAN. You make a very good point. My colleague, Cicero Wilson, used to work in a youth program, and he said the kids he feared in that program were the kids without hope.

We know also that the young women who are most likely to bear children early are those who have lost hope in a future.

Michael Sheradan argues that assets are hope in concrete form. I believe they are. We see changes in behavior. Having even a little bit of savings buffers you from the everyday accidents and illnesses that otherwise become crises. It gives you the luxury of imagining a future better than the present, of planning for that, preparing for that, and ultimately investing in yourself and your kids when maybe only you believe.

Mr. FORD. Maybe building the assets, if we would look at a program that would focus on the 7- to 14-year-olds when you find those age groups in a family that is set in its own welfare, is that maybe the component that we need is to build those assets, is to enter into a separate contract to make sure that those who excel in school, those who have no tardiness, absenteeism, those who have no teen pregnancy problems or problems within the family itself—you build on these assets. You build not only for education and home ownership and training, but you also provide some type of achievement stipend for the kids.

Would that be in line with what maybe you are—

Mr. FRIEDMAN. It would be absolutely in line, and that experimentation has already begun. There are programs that will deposit money into an account upon successful completion, for instance, of 1 year of school or the achievement of some other milestone.

Mr. FORD. You have not seen any results yet on any of that, have you?

Mr. FRIEDMAN. It is too early. We are just trying—there are literally hundreds of community groups and there are a number of States that are anxious to experiment and to begin to learn about how asset development programs and individual development accounts of various forms, including children's development accounts, might work.

What they need is a partner in the Federal Government.

Mr. FORD. Because basically what we want to do here, we are trying really to save the children, keep them out of these poverty-stricken families and communities and these bad economic conditions that they find themselves in and really trying to respond to this huge problem that we have.

And it does not only exist with the welfare population. This poverty question is out here outside of the welfare population. We are talking about 15 million people; 10 million happen to be children. But there are millions of others in this country who are living below those poverty thresholds that we are dealing with only one part of the problem that exists today among the poor of this Nation.

My time is up. I thank you very much.

Mr. MCCRERY. Thank you, Mr. Ford. And thank all of you for coming today and sharing your testimony with us.

The next panel is Pamela Cave, Karolin Loendorf, Kristin McKay, Jen Dewberry, and Sandra Corder.

If you will come forward and take your seats.

[Pause.]

Mr. ENSIGN [presiding]. I would like to welcome the panel here, and if you have been in the audience, you understand that we have a 5-minute rule here. Any written testimony will be placed officially into the record. But please limit your comments to the 5 minutes. A yellow light will go off when you have approximately 40 seconds left to go in your testimony.

And why don't we start with Pamela Cave, please.

Ms. Cave.

STATEMENT OF PAMELA CAVE, CHANTILLY, VIRGINIA

Ms. CAVE. Good afternoon. My name is Pamela Cave, and I am a single parent. I have five small children and have been personally involved in the AFDC Program in the course of the last 5 years because my husband left my family at one point.

My children are all legitimate, and I am still married to my husband, but I was still involved in the system nonetheless.

I passed out a piece of gum, and I am sort of using this as an analogy to my experience with the Personal Responsibility Act, and I would like to start with that.

I received a copy of the act from Mr. Arme's office, and I read through it, and I was very disappointed because I did not see any provisions in the act for child support.

And then I received this advisory from the Committee, and on the back side, under the Personal Responsibility Act overview, it says that it will force fathers to participate in work programs when they fail to pay child support.

And I thought: Well, that sounds really good, except I do not see it in the text of the act. And that is where this gum comes in.

I like to listen to Rush Limbaugh. I do not always agree with him, but he gets me motivated, and he talks about symbolism over substance. And if you take the piece of gum, I think it is sort of like this Personal Responsibility Act in the overview.

It promises here that fathers are going to be forced to participate in work programs if they fail to pay child support. But if you open up the act—

Mr. ENSIGN. Excuse me.

Ms. CAVE. Yes.

Mr. ENSIGN. I do not know if you are aware, but because of all the concerns that we had heard, we are holding hearings on Monday regarding the whole child support issue, just to let you know that we have been responsive to a lot of the concerns such as what you are bringing up today.

Ms. CAVE. Yes. Well, I understand that, and I talked to Mr. Shaw's office about that Monday. But I had written in about this long before that.

So I am just using this analogy here that this looks like a good piece of gum and that there is going to be something in here, and that is what I thought when I read the overview and got the act. But then when you open it up, there is nothing in here. It is sort of symbolism over substance, and that is the point I wanted to make, because I think if the overview says it is in there, it should be in there, where, in fact, it is not. In here, it talks about different ways to make paternity be more readily established. But in most States there are already provisions to do that.

I will go on to my second point, which is that we have different social programs. We have food stamps, which are income and resource qualified. There are millions of families who receive food stamps. We have housing programs which are again income and resource qualified, and there are some people who own their homes who can get food stamps and qualify for some housing programs. We have two-parent families who qualify for housing programs. Then your Medicaid—income, resource qualified, and category qualified. You have to meet a category. So these programs just are not readily available to anybody who wants them.

Then you have the AFDC Program. To qualify for the Aid to Families with Dependent Children Program, you have to prove that your child or children are being denied the benefit of a parent. You have to prove that; you have to cooperate in getting a child support order initiated.

And I brought in this Monopoly money that belongs to my kids to try and make a point with that. Here you have your AFDC grant that you have gone through a long process to get. Fraud does occur, but it is usually because there is a mistake in the processing of the case. You have your AFDC grant.

Then out there you get a child support order established. For every dollar of child support that comes in on your case—there is an account kept of every AFDC case—for every dollar of child support that comes in on your case, a dollar is taken away from the AFDC grant.

So if you pull in all your child support and it equals more than your AFDC grant, which it should under State regulations—generally, say, you have an AFDC grant for \$150 a month for one child; your child support order is more likely to be more than that under the lowest State guidelines—so if you have AFDC for \$150, your child support for \$200, you pull your \$200 in, your AFDC grant is gone.

And it explains that in title IV of the Social Security Act, but it is not enforced as well as it should be, because there is no oomph behind the enforcement. The civil process of child support enforcement is very long and cumbersome, does not always accomplish what it is supposed to, and the agencies are very overburdened.

But we need to stop looking at the stereotypes and start looking at some of the facts. The fact is that for every dollar of child support you bring in, you knock that same dollar off of your welfare grant. And 87 percent of our cash entitlements go out to AFDC Programs.

Now there are other programs that have different qualifications. But I am specifically talking about AFDC, and that is our standard typical welfare payment. And it is very important to acknowledge that when we are drafting new legislation like this.

And the last thing I wanted to do is show you a clip from a movie. It is called "*Kramer v. Kramer*," and it is about a mother who actually leaves her husband and little son.

And the point of the scene is, I equate this to how child support is viewed by a lot of people who have orders. You will see that the little boy wants to do something and get something, and his father is there saying: No, no, no; you must not; you must not; you must not. And he is warned over and over and over but the consequences do not happen for quite a while.

Mr. ENSIGN. Ms. Cave, how long is this?

Ms. CAVE. It is just a few seconds.

Mr. ENSIGN. OK.

Ms. CAVE. Can we turn it up, so we can hear it? It is just a few seconds, and it is just to . . .

[Videotape shown.]

Ms. CAVE. OK, we can stop it.

But the point I wanted to make with that little clip from the film is that when we have provisions for child support, we have to let people know that excuses will not be accepted, that responsibility is really inherent in someone's character, and it is not something we can legislate, and the government should only step in when people cannot take care of things for themselves.

And in this case, as parents, who have parents who walk away, we do not have the ability to go out and instill a wage attachment. The government is the only organization that can hold people accountable.

Mr. ENSIGN. I am sorry to cut you off.

Ms. CAVE. OK.

Mr. ENSIGN. But because we have so many witnesses today. Thank you very much.

Ms. CAVE. OK, thank you.

[The prepared statement follows:]

Pamela Cave
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Chantilly, Virginia 22021

TESTIMONY TO BE PRESENTED TO THE COMMITTEE
ON WAYS AND MEANS: THE SUBCOMMITTEE ON
HUMAN RESOURCES

I recently had a professor who said, "Legislation is like sausage. No one should see it being made." I was in West Germany once and saw sausage being made. It made me sick to my stomach. I have been watching the welfare reform proposals being offered over the course of the last several years. This, at times, has made me sick to my heart.

Before attempting to solve a problem, we must first pinpoint the exact cause of that problem. We have got to be certain of the exact target before we send out missiles to destroy the "perceived" cause of trouble. Before ANY legislative action is taken by this or any body, I would challenge all voting members to read, study, research, and investigate the full extent of the "welfare reform" issue prior to acting in any manner.

In many circumstances, the defining of the problem can often be the most difficult process to effectively manage. Regarding the issue of welfare reform, I feel that many legislators and media have missed the "proverbial boat" and have, in turn, misguided the public. We first must define and distinguish the issues that have been combined in the "Personal Responsibility Act".

The text of this proposal mentions, basically, three different social programs. It mentions the Aid to Families with Dependent Children program, (this program itself also involves several subprograms), the Food Stamp program, as well as a number of various housing programs. These programs are INDIVIDUAL entities. Qualifying for one does not mean that an applicant would qualify for all forms of assistance. The Food Stamp and housing programs are generally income and resource qualified. The AFDC program is also income and resource qualified, but in addition, an applicant must prove that his or her child is being DENIED THE BENEFIT OF AN ABSENT PARENT. This difference is vitally important when considering policy decisions regarding "welfare reform".

Two-parent families, even those with two working parents, may qualify for food stamps. I know that some military families may qualify for food stamps. Some two-parent families who own their own homes may qualify for food stamps. The Food Stamp

program, overseen by the Department of Agriculture, is a creature of its own. Many hard-working families may qualify for this program if their incomes and resource levels meet federal guidelines. Although some of the homeless people we see in the streets of this city may qualify for food stamps, we cannot assume or lead the public to believe that they are the primary or only recipients of such assistance.

Housing programs, which are overseen by the Department of Housing and Urban Development, again, have their own specific requirements. Two-parent families can qualify for housing assistance. Families with several incomes may qualify for housing assistance. Although public housing does serve many AFDC families, the wait for such housing is generally long. A family may need to wait one, two, three, four, or five years to move to the top of a housing program waiting list. Again, we cannot assume or lead the public to believe that the stereo-typical "welfare mother" is the primary or only recipient of such assistance.

Although the policies involved with these programs are long in composition and cumbersome to sift through, it is vital to understand, differentiate, and define the separateness of our social programs before we profess to "fix the welfare system as we know it". Senator Gramm has said, "It's time to get those riding in the wagon out to help pull." This, in rhetoric and theory, sounds inspiring and motivating, even basic to our American values encompassing hard work and opportunity. But, we cannot legislate to rhetoric or theory. We have got to look to the facts of the situation.- Nothing more... Nothing less.

The AFDC programs implemented in our country provide the expenditure of eighty-seven percent of the cash entitlement programs which involve approximately one-percent of the federal budget. Although many AFDC recipients may qualify for food stamps and housing assistance, an AFDC family must prove that its children are BEING DENIED THE BENEFIT OF AN ABSENT PARENT to receive a cash grant. The term "cash grant" may sound appealing and enticing, after all, a grant is free.... But, receiving AFDC is far from leading a life of luxury. The AFDC grant for a family with one child is approximately one-hundred and fifty dollars, more in some jurisdictions, less in others. Would you be able to support one child and yourself on one-hundred and fifty dollars per month?

Present policy requires that an AFDC applicant name the absent parent when applying unless there is a compelling reason not to. The "compelling reason" is supposed to be documented in the application process and such exemption is supposed to be the exception, not the rule.

The absent parent is supposed to be pursued by the state

or county of jurisdiction so that a child support order may be put in place to REPLACE AND ERRADICATE THE AFDC GRANT. This one piece of policy SHOULD SERVE AS THE FOCUS OF AND FOUNDATION FOR EIGHTY-SEVEN PERCENT OF OUR EFFORTS TO REFORM "WELFARE AS WE KNOW IT". A state or county of jurisdiction involved with an AFDC case is charged with the task of keeping an account of all welfare monies distributed in that case and with the task of seeking out the absent parent to effectively recoup those funds. In essence, in an AFDC case, a bill is run-up by the absent parent. That bill is supposed to be PAID IN FULL BACK TO THE STATE OR COUNTY OF JURISDICTION BY THAT ABSENT PARENT. This is where the ball is too often dropped. This is where the federal government must step in as the states are not effectively managing the task.

Dollar for dollar, child support that is collected for a family receiving an AFDC grant REPLACES THAT GRANT. THEREFORE, A CHILD SUPPORT ORDER ENFORCED FOR THE AMOUNT OF TWO-HUNDRED DOLLARS PER MONTH WOULD COMPLETELY ELIMINATE A ONE-HUNDRED AND FIFTY DOLLAR WELFARE PAYMENT. THUS, THIS FAMILY WOULD BE OFF OF "WELFARE".

But, the effective pursuit and enforcement of policies regarding the absent parents in AFDC cases is THE EXCEPTION, not the rule. A CUSTODIAL PARENT WHO QUALIFIES FOR AFDC DOES NOT HAVE THE LEGAL AUTHORITY TO TRACK DOWN AND SEEK OUT PAYMENT FROM AN ABSENT PARENT. THE STATE OR COUNTY OF JURISDICTION MUST DO THIS. BUT, GENERALLY, IT CAN TAKE MONTHS, EVEN YEARS, FOR THIS PROCESS TO BE UNDERTAKEN AND EFFECTIVELY MANAGED. WHEN AN ABSENT PARENT LIVES SEVERAL MILES FROM THE CHILD OR CHILDREN INVOLVED, THE REQUIRED CIVIL SERVICE OF PROCESS ON THAT PARENT CAN TAKE SIX MONTHS. IF THIS IS THE CASE WHEN THE PARENT IS JUST "DOWN THE STREET", IMAGINE HOW LONG IT MIGHT TAKE TO PROPERLY SERVE A PARENT OVER STATE OR COUNTY LINES.

Yes, we want parents to be responsible for their children. Yes, we should hope that upon seeing their newborn, every parent will automatically feel that responsibility and desire to care for that child's needs. Yes, we should marvel at the bond that can exist between parents and their children. Afterall, there should be no greater human love than that a parent has for his or her child. But, in an imperfect world, although we may want, hope, and pray, human nature is fallible. Some people can simply walk away from their children and never look back.

Responsibility is a quality that must be inherent in a person's character. RESPONSIBILITY CANNOT BE LEGISLATED. Our government must only step in and handle the situations that we, as a free society, cannot handle on our own. -a couple of hundred years ago, in Boston, they had a tea party to make that point. It is vital that our government remember its beginnings and foundations, especially when the topic at hand involves

the future of our country's children. Therefore, we must evaluate the welfare problem objectively and develop a strong, clear message which can be sent to the people and can be effectively enforced to the full extent of the law.

A recent advisory distributed by this committee stated that the "Personal Responsibility Act" WOULD "FORCE FATHERS TO PARTICIPATE IN WORK PROGRAMS IF THEY FAIL TO PAY CHILD SUPPORT." I have read and re-read the text of the act, and I cannot find that provision anywhere. Without provisions for both parents, how can the act properly address parental responsibility?

IN ITS PRESENT FORM, THE PERSONAL RESPONSIBILITY ACT SEEMS TO SEEK TO DISCIPLINE, SPECIFICALLY, THE PARENTS WHO REMAIN WITH THEIR CHILDREN. AS WRITTEN, IT WILL SURELY SIMPLY TREAT SOME OF THE SYMPTOMS OF THE WELFARE PROBLEM. THE PROBLEM IS NOT TEEN-AGE MOTHERHOOD. THE PROBLEM IS NOT ILLEGITIMACY. THE PROBLEM IS NOT THE "SWEEPSTAKES" OF LIVING A LIFE "ON THE DOLE". THE PROBLEM IS NOT LAZINESS. THE PROBLEM IS NOT POOR SEX EDUCATION. THE PROBLEM IS THAT OUR CULTURE SO EMPHASIZES OUR "INDIVIDUAL RIGHTS" THAT ACCOUNTABILITY AND THE DESIRE TO BE TRULY RESPONSIBLE HAVE GONE OUT THE WINDOW.

WE HAVE BECOME A NATION OF EXCUSES. EVERYONE HAS AN EXCUSE FOR EVERYTHING. IT IS ALRIGHT TO MAKE MISTAKES. I KNOW THAT I HAVE CERTAINLY HAD AN ABUNDANCE OF THEM IN MY LIFETIME. WE ALL HAVE. BUT, WE CANNOT ERASE THE CONSEQUENCES OF OUR MISTAKES WITH AN EXCUSE. ACCOUNTABILITY MUST BE DEMANDED BY OUR SOCIETY; ESPECIALLY WHEN THAT ACCOUNTABILITY AFFECTS THE MOST HELPLESS OF OUR SOCIETY, OUR CHILDREN.

This body has a most-important task before it. The formulation of sound government policy can be a messy process. The debate has been bathed in misinformation and rhetoric which seems to incite rather than resolve. I am an avid listener of "The Rush Limbaugh" radio show. Once he is one or two hours in to his show, he'll often say good morning to "those welfare recipients who are just getting up". I would argue that this type of comment, and others made like it, simply perpetuate the stereo-types of people involved in social programs. I have written to Mr. Limbaugh time and time again to share some concerns I have about these types of remarks and about the fact that they are not all grounded in fact, but I have never received a response. Programs such as his could help in getting some "real" information out to the public, if they would take the time to put aside assumptions and look at the "big picture".

Reducing the majority, over eighty-seven percent, of cash entitlement payments made in our social programs today involves a simple, mathematical equation. If a welfare payment is to be reduced or eliminated, child support from the absent parent

must be collected. For every dollar of child support collected, a dollar is taken away from the involved welfare payment. This is simple. Title IV of the Social Security Act explains some of this policy, although it seems complicated and rather convoluted in places.

Let us take this opportunity to take steps to insure that child support becomes an issue of importance. A freshman member of this body recently said, "What does child support have to do with welfare reform?" OBVIOUSLY, THIS MEMBER OF CONGRESS DID NOT UNDERSTAND WELFARE POLICIES. This frightens me. Responsible policy cannot be made unless the facts involved are completely understood.

Let us consider several situations which have occurred via present policy. There is a single mother of four children. She has several ex-husbands who do have reasonable child support obligations. She has co-operated fully with state agencies. If the child support payments were collected, she would receive a good deal more than the four hundred and fifty-seven dollar per month payment she currently receives. The agencies have not moved to effectively enforce the support orders.

This same family encountered another problem inherent in today's social programs. The mother contacted her agency eligibility worker to inquire about the possibility of her teen-age son obtaining a part-time job. The worker told her that if he worked and received any income, her family's ADC payment would be reduced or possibly eliminated. When I heard about this I called the agency's communications department. I told them that I was working on my master's thesis and that I had a hypothetical situation I would like them to consider. I relayed the tale of my friend, and several days later I received a call saying that as long as the teen-ager was a high school student, he could work and earn income. The family's ADC payment WOULD NOT BE REDUCED OR ELIMINATED DUE TO THE EMPLOYMENT OF A TEEN-AGE FAMILY MEMBER.

Misinformed, over-burdened agency employees are important to consider when examining the welfare reform issue. Specific, authentic documentation is required from an applicant seeking to receive assistance. If the eligibility process is properly implemented, it would be extremely difficult to fraud the system. But, if workers charged with handling the process are too overwhelmed with the number and complexity of cases they have to handle, fraud is bound to occur.

Misinformed agency workers can trigger a trickle-down effect which can foster generations of welfare recipients. For example, in the aforementioned situation I described, the teen-ager who wanted to work, and with that work would likely receive the opportunity to learn the value of earning money and of

responsibility, would have been denied that opportunity subsequent to an agency worker's expressing misinformation. But instead of perpetuating the feeling of being denied opportunity, the end result of this case was that the teen-ager obtained employment and has maintained that employment since June of 1994. He has been able to earn his own money and has been able to learn the value of work and responsibility, something he has not been able to observe in his own father.

Another case in point: a single-parent family of six was receiving child support but did qualify for some assistance with food expenses. This assistance was vital to the family as the parent was a student, and the children were quite young. This family was blessed to be provided with a vehicle to drive by family members. The vehicle's expenses were exclusively taken care of by the family members and a vital need for the single-parent family had been graciously met. But, due to insurance laws in the state of jurisdiction, the vehicle was titled in the single-parent's name. It was subsequently counted by the local service agency as cash in hand; therefore, the food assistance was terminated. The single-parent appealed to the state agency but lost the appeal. A Mr. Walsh at the Dept. of Agriculture provided a solution to the dilemma. He stated that the family could again receive the assistance if they "moved in to the vehicle and used it as their residence". Policy such as this is regressive and discourages family members from helping each other.

There is much to consider in this debate. There is much that has been said in this debate that should be discounted. Many players in this debate are not equipped with complete, correct information. I would challenge every member of this body to assess their individual knowledge of policy before participating in any vote regarding the welfare reform issue.

Assumptions must be put aside. Preconceived ideas must be purged. The facts must be shared with all involved parties. LACK OF PERSONAL ACCOUNTABILITY ON THE PART OF BOTH PARENTS IS AT THE VERY HEART OF THE "WELFARE PROBLEM". THE GOVERNMENT SHOULD ONLY STEP INTO THE ARENA WHEN THE PEOPLE CANNOT HANDLE A MATTER ON THEIR OWN. A SINGLE-PARENT STRUGGLING TO RAISE A CHILD OR CHILDREN DOES NOT GENERALLY HAVE THE RESOURCES TO PURSUE, EFFECT, DEMAND, AND EFFECTIVELY ENFORCE A CHILD SUPPORT ORDER. THE LAW MUST STEP IN AND DO THIS.

EVERY CHILD DESERVES TO BE SUPPORTED BY BOTH PARENTS WHEN AT ALL POSSIBLE. AN ORDER OF THIRTY DOLLARS PER MONTH SHOULD BE TREATED WITH AS MUCH SERIOUSNESS AND ACCOUNTABILITY UNDER LAW AS AN ORDER FOR THREE THOUSAND DOLLARS PER MONTH. EVERY CHILD DESERVES THE ACCOUNTABILITY OF BOTH PARENTS WHEN AT ALL POSSIBLE, AND WHEN AN ADVERSARIAL CIRCUMSTANCE EXISTS, THE GOVERNMENT MUST STEP IN AND DEMAND ACCOUNTABILITY ON THE

PART OF BOTH PARENTS, NOT JUST THE PARENT WHO "KEEPS" THE CHILD. ANYLESS THAN THIS, AND THE EFFORT TO REFORM "WELFARE AS WE KNOW IT" WILL HAVE FAILED. WITH THE PROPOSALS LEFT AS THEY ARE NOW WRITTEN, WE MAY ADDRESS SEVERAL SYMPTOMS OF THE PROBLEM, BUT WE WILL BE FAR FROM SOLVING THE PROBLEM.

ALTHOUGH EVERY CHILD SUPPORT CASE IS NOT A WELFARE CASE, EVERY AFDC CASE IS A CHILD SUPPORT CASE. THIS FACT IS INHERENT IN PRESENT POLICY; TO IGNORE IT WOULD BE IRRESPONSIBLE, AND TO NOT INCORPORATE CHILD SUPPORT PROVISIONS IN TO THE "PERSONAL RESPONSIBILITY ACT" WOULD LEAVE THE "CONTRACT WITH AMERICA" FUNDAMENTALLY FLAWED.

THANK YOU.

Mr. ENSIGN. Ms. Loendorf, please.

**STATEMENT OF KAROLIN JAPPE LOENDORF, HELENA,
MONTANA**

Ms. LOENDORF. For the record, my name is Karolin Loendorf, and I am from Helena, Montana. I was a previous welfare recipient. I grew up in Montana not knowing there was even a welfare system.

After going through a divorce with four small children, I learned something the hard way. And to me, it is totally unacceptable. And from that point on, I decided to do all that I could to help other single parents that are out there wanting to work, because there sure are a lot of them.

I guess I would start with when I started getting involved in the Federal and the State government to figure out why they tried to keep people on welfare. It was really—it bothered me that I could not get off welfare.

I found out through Nancy Reeder with the U.S. House of Representatives Youth, Families, and Children Committee that there was a program 4 years ago called the Transitional Child Care Program.

Having to find out about a child care program through Washington, DC, was very upsetting to me. I went to my caseworker, and I asked her if I could then qualify for that program; she said: No, you cannot.

I said: But I have always worked; I want to work; I am not going to raise my family on welfare; that is just not a way of life for me.

She said: Well, because of how much you pay out in day care—I always worked, but it was still on welfare—because of how much you pay out in day care, having your oldest child being 6, you will never earn enough money to get off the system, to have your AFDC case closed because of your earnings. And that was the prerequisite.

And so I said: Well, I will just tell the—I will just put on my report that I do not pay the day care provider that much, and in return it will look like I am earning too much money, and they will have to close my welfare case.

And she pretended that she did not hear that, and that was what I had chosen to do.

In the 12 months being on the Transitional Child Care Program, I opted to purchase health care insurance for my four children, which is about \$150 a month, the reason being, TCC automatically entitles you to Medicaid, but not being raised that way, I just chose to purchase the insurance.

During that year, I saved the State of Montana, as well as the Federal Government, over \$15,000, adding up every EOB I had and paying the health insurance premiums. At the end of the 12 months, I was back in the Governor's office asking him: Why do you want to put me back on welfare? I mean, I had no choice.

At that point in time during the 12 months, he appointed me to the Child Care Development Block Grant Task Force, which was nice, but it did not solve my dilemma. I had to make the choice then to quit my job, go completely back on the system, or work and

go backward. And getting as involved as I did, I chose to work and go backward.

It took the State of Montana three times to apply for the grant before it got approved. After being approved, I was then a lot better off, and I could get completely off the system.

While on the system, I found so many gaps. There was an article in *Fortune* magazine in June 1992 by Christopher Jencks that was probably the most wonderful article I have read for somebody who has never been on welfare.

And he also created a graph that represents a Pennsylvania mom and her two kids, with a working mom and two kids, and I did the same thing with Montana and listed the benefits. And the benefits on a welfare person with children, they are much better off to be on welfare.

I am also on the Board of the Helena Housing Board of Commissioners, and we have people in the office that have to literally advocate for the clients to quit beating their heads against the wall and go back on welfare, because actually, in all honesty, they are taking food out of their kids' mouths and clothing off their backs.

And I just think there are so many programs for welfare, but we do not have the right kind of—we need a reform to better use our dollars. I just do not think that is acceptable. I mean, I know so many people that would love to go out and work.

But in this day and age, when you are forced to quit your job and go on welfare, within 1 year your technical skills are shot. I mean, you have to literally be retrained to keep up with the software and the technology that is out there.

And I guess I am just—I am for welfare reform. I am not really one for welfare, not even knowing it existed in my life. I just hope to bring some light onto the subject.

Even in California, trying to get child support—and not meaning to name a State—but I had to end up writing the Congressman just to get the Child Support Division in California to respond to me, and their only response to me was: We have 21,000 cases, and only 14 caseworkers. It took 5½ years to get child support for the first child, and it took 3 years to get it for the second child.

My only letter to him was: I am sorry. I do not feel the State of Montana or the Federal Government should carry the burden for the cost of my children, when they were not part of the—they did not conceive my child. And that is the time.

[The prepared statement follows:]

Karolin Jappe Loendorf
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February 2, 1995

For the record, my name is Karolin Loendorf. I am here today because I was once a welfare participant. Growing up in Montana I never knew that there was a "welfare system". Only after going through a divorce with 4 small children did I discover welfare.

I feel I have a great wealth of knowledge to share with you today regarding the many stumbling blocks I encountered in the system. To begin, I appose welfare as most people think of it. It has proven to be a very dysfunctional system and one that creates dependency. There is a desperate need for welfare reform.

It began six years ago. After divorcing I had 4 children to raise, the oldest being six. I had worked all of my life and had great intentions of continuing. In my situation finding employment and child care was not realistic. This bothered me a great deal. I decided instead of pointing a finger at lawmakers who created this system, I was going find a way to educate state & federal lawmakers and help to bring about change in the system. This was not an easy venture and it has taken many years to get here to present my story.

At the time, Montana did not have any child care assistance available, so even though I worked full time and sometimes carried another part time job I was still of full AFDC benefits. Only through Nancy Reeder from the U.S. House of Representatives Select Committee on Children, Youth and Families did I find out about the Transitional Child Care (TCC). I then proceeded to contact my social worker, she said that there was no way I could take advantage of the TCC because the only way one could qualify was if their earnings were so great that their AFDC case had to be closed. She said given how much I paid for child care, I could not qualify. This disturbed me. My only chance then was to report that I only paid my day care provider a small amount of money so that my case would have to be closed.

"She stated" I did not hear that!

This is how I first tried to get off the system - however this did not solve my dilemma. The TCC program was a 12 month program which included medicaid for 12 months. Not being raised on welfare I chose to pay for my four children to have health insurance coverage through the office where I still work today. This was a cost of \$150.00 per month for the premiums only. Towards the end of my 12 month TCC, I learned that I was going to be forced back on welfare, as no other resources were available.

I was falling through the cracks. At that time I added up all of my Explanation of Benefits (EOB's) from the health insurance company the children were signed up with and it ended up being a little over \$15,000.00.

I then proceeded to the Governor's office with my bundle of EOB's and met with the lady in charge of Human Services and asked her "Why does the State want to put me back on welfare"? She could not give me an answer. While receiving assistance through the TCC program the Governor appointed me to the Child Care Development Block Grant Task Force (CDBG TF). That was great, but the time had come when I had to choose between quitting my job and going back on welfare or to work and go backwards. Being the independent person I was, I chose to continue working.

The CDBG funds were not granted to Montana until the third time the State applied. So I worked for eight months going into debt, but at the same time keeping my self esteem, self worth and dignity.

The current welfare system is like an old street, there are numerous potholes and each time someone's agenda gets through to the right Department or Person the pothole is temporarily patched.

Folks - We need to quit patching potholes.

I wish more of you could see what my life has been like. There are so many people, that would really like to be out in the workforce, but they get worn out fighting the current system.

I sit on the Board for the Helena Housing Authority in Helena, the office staff to this day advocate to those clients who are trying to get out and work to quit beating their heads against the wall. Clients are told that they can do more for their children being on welfare than they can if they are in

the workforce.

Being a mom of four, I sympathize with the single parents of today! If you choose to try and regain your self worth, self esteem, dignity and self respect and go out and become a tax paying citizen, you then also choose to take food out of your children's mouths, provide less clothing, create more stresses in the home which sometimes leads to abuse, and possibly loose your medical benefits.

"The Choice is Very Hard - But Very Real"

Lets switch gears for a moment, you are probably wondering well what about child support - doesn't this mother of four know that the state helps collect child support. Well another long story, but one that needs some major revamping just like the welfare system.

Child Support Flaws:

This is **Critical** for meaningful welfare reform. My story which is very similar to others around the United States is unbelievable. It took 5 and a half years to finally receive my first child support check for my eldest daughter. When I had our son, it took almost three years to get child support. It would have taken even longer had I not **worked my own case**. I sent a letter to the State of California and stating that I did not have the desire to live on welfare and that it was not fair to my children to be forced to live that way. I stated in a letter to the Family Support Division that the State of Montana had no part of in conceiving my children and I did not feel it fair for the State of Montana to have the burden of the costs of raising my children. I felt that it was my responsibility as well as the absent parent's responsibility to take care of the children.

I sent this letter four different times, only to get no response. I then sent a note to the investigator stating I would be in touch with his Congressional delegate. The response I received from this person was this "Your case is one of the 21,000 handled by 14 workers. With the extraordinary size of caseloads we simply cannot respond to each document, especially if we shouldn't be receiving them".

So in the meantime when we keep families on welfare, waiting for a child support office to handle it's case load, whether it takes them 3 or 5 years, the arrearages build on ones AFDC case. Even when the State of California had legal documents to begin taking payments from the absent parent, it did not happen for over two years. When a family finally gets a job, if their child support collection date falls on the wrong day of the month - that money goes directly to the State to pay arrearages, it does not even reach the family. The States tell these people over and over again that because of the Federal Regs, they have to go by the date the money is collected in the State the absent parent resides. This can instantly put one right back in the welfare saddle.

The most recent check that I recieved for my child support was just the other day (January, 95) It is in the amount of \$12.00.

This check started:

- 1) By being garnished from absent parents wages
- 2) District Attorneys office then sends it to the states child support division where it is recorded
- 3) Check is then sent to the other states child support office
- 4) From there it is recorded and sent to the State Auditors office
- 5) Finally the check is cut and sent to the custodial parent

It undoubtedly cost the taxpayers more to cut this check than the amount collected.

Today we have professional lobbyists who lobby for major companies, organizations, departments, etc., They too have a set agenda and often times the people who are being served are being the ones left out. Until we get to the root of the problem, and find out first hand with the people who have been through this system and the trials they have had to become self sufficient, We have nothing. We seem to only get certain pieces of the puzzle, to put a productive system together it is going to take every single piece of the puzzle.

THE PITFALLS

* The Federal Collection date - child support should go to pay support first to the families before going to arrearages, and if there are more dollars sent for that particular month then that money can be sent to state arrearages.

* Never enough child care assistance for either the working poor or for those who need and want to further their education.

* Re - Educate Social Workers in the welfare system - they do not encourage self-sufficiency. This may take some re programming.

* Children who come from a family that's been on welfare for generations do not have a chance, they see nothing else in life, they are not taught nor do they see what Self Esteem, Self Worth, Dignity or Self Respect is all about. INTERVENTION is necessary here so that these children are given an opportunity to realize their potential. They are set up to fail and that is not acceptable.

* A 2 year time limit is not good - each and every case is so different and I feel that we could hurt the children of the United States.

* The AFDC benefit package out weighs the working package by far.

RECOMMENDATIONS TO IMPROVE WELFARE

1) Based on my experience, Public Housing for me was a positive and constructive subsidy and it allows individuals an opportunity to get off the system. Public Housing does not need to be included in reform.

I have been involved with the National Association of Housing & Redevelopment Officials (NAHRO) as well as HUD and respect their work on behalf of clients who live in Public Housing. Public Housing has come a long way. In Montana we have very positive programs such as the Youth Sports Grant, the Drug elimination grant and these grants should not be combined with other programs.

2) If a recipient moves from one state to another, have at least a one year time limit for any kind of benefits, just like the educational system does. People are going from State to State to gain more benefits.

3) Allow Housing Authorities to either create a rent structure or discuss capping rents for at least 18 months so people have a chance to achieve independence.

4) Stiffer Child Support laws.

5) Give the states a time limit on establishing paternity. Don't penalize a single parent family until the state has met its burden on collecting child support for the children.

6) If the State is having problems collecting consistent child support it should make the support payment. If it then takes the absent parent 45 years to repay the government then fine, but force the absent parent to acknowledge that they will be paying now or forever.

I've seen so many cases where the absent parent is always on the run, or works under the table, or is self employed and finds ways to get out of their obligations.

The last time I had a child it took two people and the stigma in this seems to land in the hands of the mom, most times. (I commend those fathers who raise their children they do exist and never seem to get the credit they deserve).

7) Place jurisdiction with the child - Meaning if the child were conceived in Illinois where my last one was and the father lives in California and the mother lives in Montana, before that unborn child is even born, let the state where the mom gives birth have jurisdiction. It would help communications across state lines.

Mr. ENSIGN. Thank you very much for your testimony.
Ms. Corder.

**STATEMENT OF SANDRA M. CORDER, FALLS CHURCH,
VIRGINIA**

Ms. CORDER. Good afternoon. My name is Sandy Corder, and I reside in Falls Church, Virginia.

I have proposals here on the welfare reform. I guess I need people to understand that not everyone on welfare is lazy or shiftless or—there are a lot of married women or women that were married, ex-military wives, and all those aspects, when you gentlemen are talking about welfare reform, you never bring that into view, OK, and that needs to be known, that there are a lot of ex-military wives whose husbands have abandoned their families and gone off to live their own lives. The military is not made to make these men to be responsible.

And so very quickly I will go through the major points of my proposals.

The fact that DHD and/or Child Support Services should move immediately on information provided on a negligent absent parent.

The military should also be made to comply with such regulations. And under cases of abandonment, dependents should be allowed to reside in military quarters with the sponsor paying a stipend until an official divorce decree and/or dependent spouse is financially stabilized.

If it is proven that there is an involvement of a third party and dereliction of responsibilities, that person should also be held liable for financial obligations.

In cases of abandonment, the court should have the power to intervene immediately in hardship cases.

The military should be required to assist women in the location of personnel who has fathered a child. Status of duty should not be a deterrent.

There should be a bipartisan outside agency to monitor social workers and to assist clients with valid grievances.

Proprietary schools receiving Federal and State moneys and student loans should report students who are single/head of household with children. If such student is not adequately trained and/or employed in the field of training within 6 months of graduation, the school should reimburse those moneys. This action would also ensure a drop on student loan defaults.

Recipients should be allowed 1 weaning year of employment in repayment of student loans, 1 weaning year on Medicaid, and 6 months in the Food Stamp Program. This allows them time to adjust to financial responsibility, as well as independence without having the rug being pulled from under them all at once.

Continuance of Medicaid and/or an amendment where an employed recipient could contribute a certain percentage of pay, which would, one, alleviate some of the burden on government and, two, allowing a parent a better choice of physicians as well as a dental plan.

Food Stamp Programs could be revived as a co-op of sorts. Example: A recipient may require \$250 per month to adequately feed a family. USDA allots that amount with the recipient paying USDA

\$125, thus steering recipients toward independence and a feeling of self-worth.

Girls age 17 and under who become pregnant and their babies should be the sole responsibility of both sets of parents, grandparents, whose names should be registered upon birth of baby and until the boy can shoulder his responsibility.

If the male involved is legally an adult and jobless, he should be required to work for the State or city until he becomes financially responsible for his child. If work consists of him going out there and picking up the litter from the byways and highways, then so be it.

Recipients with children age 4 and under should be treated as day care providers, thus enabling them to earn their allotted grant and provide a service for other recipients. Taking children from their families, OK—I mean, there are the wealthiest families, their children are not happy, OK.

These are valid proposals from someone who has been through the range of the system. I am in default with a student loan. I had a 4.0 GPA. My social worker and my case manager at the shelter told me school was no longer an option for me; I should be working now. I have been looking for a job for 2 years, you know.

The last one is, also in the case of pregnancy after forced sex, offenders should be made public and be responsible for the child or jailed and fined. And I bring that up, because my baby will be 2 in June, and his father forced himself on me. I did not abort Brandon, because I did not have the money. And I came close to giving him up for adoption. But he is a blessing.

But the military will not assist me, and nobody really cares, you know. So let us stop talking about everything like it is a group thing. There needs to be a process of elimination. That is what it comes down to.

[The prepared statement follows:]

TESTIMONY OF SANDRA M. CORDER
FALLS CHURCH, VA.

PROPOSALS ON WELFARE REFORM

1. (A) DHD and/or Child Support Services should move immediately on information provided on negligent/absent parent.

(B) Payment should be deducted from paycheck of spouse/parent who abandons a family with children.

(C) Military should also be made to comply with such regulations and under cases of abandonment dependents should be allowed to reside in military quarters (with sponsor paying a stipend) until an official divorce decree and/or dependent spouse is financially stabilized.

(D) If it is proven that there is involvement of third party in dereliction of responsibilities, that person should also be held liable for financial obligations.

(E) In cases of abandonment the court should have the power to intervene immediately in hardship cases.

2. The military should be required to assist women in the location of personnel who has fathered a child, status of duty should not be a deterrent.

3. There should be a bipartisan outside agency to monitor social workers and to assist clients with valid grievances.

4. (Proprietary) schools receiving federal/state monies in student loans should report students who are single/head of household with children. If said student is not adequately trained and/or employed in the field of training within six (6) months of graduation the school should reimburse said monies. This action would also ensure a drop on student loan defaults.

5. (A) Recipients should be allowed one "weaning" year of employment in repayment of student loans; one "weaning" year on medicaid and six (6) months in the food stamps program. This allows them time to adjust to financial responsibility as well as independence without having the rug being pulled from under them all at once.

(B) Continuance of medicaid and/or an amendment where employed recipient could contribute a certain percentage of pay which would: (1) alleviate some of the burden on government and (2) allowing a parent a better choice of physicians as well as a dental plan.

(C) Food stamps program could be revived as a co-op of sorts. Example: A recipient may require \$250 per month to adequately feed a family, USDA allots that amount with recipient paying USDA \$125 thus

steering recipient towards independence and a feeling of self-worth.

6. (A) Girls, age 17 and under, who become pregnant and their babies, should be the sole responsibility of both sets of (grand)parents, whose names should be registered upon birth of baby and until the boy can shoulder his responsibility.

(B) If the male involved is legally an adult and jobless, he should be required to work for the state until he becomes financially responsible for his child. Work could/would consist of picking up litter from the byways and highways.

7. Recipients with children, age 4 and under, could/should be trained as daycare providers, thus enabling them to earn their allotted grant and provide a service for other recipients.

8. All persons residing in subsidized housing where rent is only 30% of income, should pay a housing tax of \$25 every six (6) months which could be re-circulated into federal/local housing programs.

8. Some form of tax incentives for companies that provide some form of daycare provisions for their employees.

9. An increase of minimum wage for persons 18 years and older with children.

10. In the case of pregnancy through forced sex, offender should be made public, be responsible for the child or jailed and fined.

These proposals are a result of my pain and experience as a woman forced on welfare by the very people that earn a living getting people into society.

Mr. ENSIGN. Thank you all for your testimony.

Mr. Ford.

Mr. FORD. Thank you, Mr. Chairman.

Ms. Corder, were you married when this pregnancy took place?

Ms. CORDER. I beg your pardon?

Mr. FORD. Were you married at the time this pregnancy took place?

Ms. CORDER. The baby? No, sir.

Mr. FORD. Yes. Were you married when you had the baby?

Ms. CORDER. Brandon.

Mr. FORD. Were you married?

Ms. CORDER. No.

Mr. FORD. You were not?

Ms. CORDER. No. I was—my daughter and I were homeless. We were living in a motel. We had to leave the shelter because I am not a kiss-butt kind of person, and I was not jumping through the hoops for my social worker or case manager, OK. Like I said—

Mr. FORD. I am just trying to find out from the benefits. Your kid is how old now?

Ms. CORDER. Brandon will be 2 in June.

Mr. FORD. Two in June. You are currently on welfare?

Ms. CORDER. Yes, sir. I was forced on welfare.

Mr. FORD. Pardon me?

Ms. CORDER. I was forced on welfare. When I got to the family shelter in 1992, I had a job, and I was going to school part time evenings. I had a 4.0 GPA. I was to graduate 1 month later. I was denied returning to school.

Mr. FORD. Well, why did you not stay in school? I mean, welfare did not take you out of school.

Ms. CORDER. You are not listening. My case manager at the shelter—when you are in a shelter, you have to do what they tell you to do; you do not have your own life.

Mr. FORD. So what did he tell you to do?

Ms. CORDER. School was no longer an option for me.

Mr. FORD. So what was an option? I mean, what was the requirement—

Ms. CORDER. For me to go to McDonald's and work.

Mr. FORD. All right.

Ms. CORDER. OK? And my social worker agreed with him. And then the school turned around—

Mr. FORD. What year was this?

Ms. CORDER. I beg your pardon?

Mr. FORD. What year was this?

Ms. CORDER. 1992.

Mr. FORD. In 1992.

Ms. CORDER. Yes. And in August 1992, we had to leave the shelter, because, like I said, I am not a kiss-butt person.

Mr. FORD. So what are you doing now?

Ms. CORDER. Trying to find a job.

Mr. FORD. Trying to find a job.

Ms. CORDER. Which is another problem, because when I was not allowed to finish my classes—

Mr. FORD. Are you drawing welfare now?

Ms. CORDER. I beg your pardon?

Mr. FORD. Are you drawing welfare?

Ms. CORDER. Yes, sir.

Mr. FORD. What if you had the minimum wage job? Just use your case. What if you had the minimum wage job or right above it, paying \$9,000 a year, the earned income tax credit with—

Ms. CORDER. Sir, before my ex-husband got his divorce, I had a good job, OK, and I had to give it up because—

Mr. FORD. No, I am saying—

Ms. CORDER. I had a job that paid \$5 an hour with my three children. If that \$5 an hour was sufficient, I could have taken care of my three children, paid a \$750 rent, and taken care of the utilities.

No, sir. I am 38 years old. I should not be on welfare. I had reached my goal.

Mr. FORD. What is your monthly allotment now from the cash assistance from AFDC?

Ms. CORDER. Right now, \$457, and that is going to go down because my two younger children—

Mr. FORD. \$457. What is your food stamps allotment?

Ms. CORDER. \$212.

Mr. FORD. \$212. Do you receive any housing assistance?

Ms. CORDER. No.

Mr. FORD. And you are under Medicaid, right? You have Medicaid coverage, right?

Ms. CORDER. Yes.

Mr. FORD. Which is about \$100 per person per month.

Ms. CORDER. Well actually the only person that really goes to the doctor is the baby.

Mr. FORD. Well, I am just saying that is what it balances out for the Federal Government. So your income per month is approximately \$867 a month; is that correct?

Ms. CORDER. Yes, sir.

Mr. FORD. Counting your Medicaid. I am saying a minimum wage job with a family of two, the earned income tax credit for a family of two is about \$2,300. You could receive that stipend monthly; \$8,800 a year on minimum wage. Earned income tax credit is about \$200 per—a family of two per year.

Ms. CORDER. Sir, excuse me.

Mr. FORD. That would be about \$11,000 a year versus approximately about \$10,000. It would be a little bit more attractive—

Ms. CORDER. Excuse me, sir.

Mr. FORD. Yes?

Ms. CORDER. Mr. Ford, OK, let me clarify something to you. I understand what you are saying. But did you hear what I said?

I had a 4.0 GPA. I should be making a minimum of \$8 right now, OK. That was taken away from me for the people that you, the taxpayers, are paying, that are supposedly to be helping people like me.

Excuse me. I am 38 years old, OK. I am in default because of someone else. So if I start working, guess what the Department of Education is going to do? Garnish my wages.

So you tell me, when I know that I could be making a lot more than minimum wage, you want me to settle for minimum wage? I have two other children. They are not with me anymore, because

we live in a two-bedroom apartment that housing could not find for us until I passed out in a politician's office from being pregnant.

I am sorry, sir. I will sit right here and tell you, I will not settle for a minimum wage job. I have worked too hard; I have gone through too much, and too many people have taken things away from me, sitting up there making decisions about my life and my children. No, sir, no!

Mr. FORD. Ms. Cave—Mr. Chairman, I would like to have 1 additional minute—Ms. Cave, let me ask you, are you a welfare recipient?

Ms. CAVE. No, not right now.

Mr. FORD. You are not.

Ms. CAVE. No.

Mr. FORD. Have you been on welfare before?

Ms. CAVE. Yes.

Mr. FORD. How many children do you have?

Ms. CAVE. Five.

Mr. FORD. You have five children?

Ms. CAVE. Uh-huh.

Mr. FORD. And you are now gainfully employed?

Ms. CAVE. No. I am a graduate student.

Mr. FORD. You are a graduate student?

Ms. CAVE. Uh-huh.

Mr. FORD. But you are no longer on AFDC?

Ms. CAVE. No.

Mr. FORD. What sorts of income do you have?

Ms. CAVE. Child support.

Mr. FORD. Child support for all five children?

Ms. CAVE. Yes.

Mr. FORD. And before you were receiving child support payments, what type of public assistance were you receiving? AFDC, I mean, but what amount were you receiving?

Ms. CAVE. For four children, it was \$457, and that is where it stopped.

Mr. FORD. And what do you receive versus your child support now?

Ms. CAVE. Right now, I receive \$660, and \$480 is child support.

Mr. FORD. Right. Now paternity, should that be—can that be established when the mother cooperates fully with the State or the authorities to give all of the information that is needed to establish the paternity?

Ms. CAVE. It is supposed to be. Unless you have a compelling reason not to that you can document, you are supposed to determine paternity when you fill out the applications. You are supposed to name the father.

Mr. FORD. All right. And in your case, what if you fully cooperated with the State or the proper authorities, and they were not able to determine the paternity at the time of birth, should you or that person be denied any type of benefits because the State or the authorities are not able to do their job fully when you, the mother, cooperated fully with the State?

Ms. CAVE. Well, I am not sure if I understand your question, because at the time of birth, the mother can name the father and put them on the birth certificate.

Now if you are married, which I was, automatically——

Mr. FORD. That automatically goes——

Ms. CAVE [continuing]. The father is named in paternity.

Mr. FORD. Right. But what about in those cases where it might not be as clear? The person is not married.

Ms. CAVE. I think——

Mr. FORD. But she fully cooperates in trying to identify or name the father, but paternity cannot be established. Should that child of those persons be cut off of benefits?

Ms. CAVE. No. And, Mr. Ford, I think that would be a very small exception where you cannot determine paternity. I mean, there are cases where people do not want to; there are cases where there might be abuse involved, and that is again the exception.

The majority of cases, you go in, and you need to apply, and you know who the father is, or you have a pretty good idea, or you can get a test done.

Now if the mothers should be accountable to do their part and do what they need to do, and that is not always the case. But I think there needs to be accountability on both sides, not just the person who keeps the child or children.

Mr. ENSIGN. The gentleman's time has expired.

I just have a couple of questions. I am so happy that Chairman Shaw has brought panels like this forward, because they are—they are real-world testimonies, and I think it is very important for us to hear this.

I come from a single mom type of a home, and child support was a big deal when we were not receiving it, and so I understand some of the things.

And, Ms. Loendorf, I also understand what you went through, because I had a mom that just absolutely refused to go on welfare, especially 30 years ago when it was unacceptable.

And I think that the point that you bring up about there being a lot of good people in a bad system, and I think that not only are there a lot of good people receiving welfare in a bad system, and you point out some of the faults with the system; such as, you have to qualify through umpteen different programs to be able to get help, and that there is not a lot of coordination between those.

But there are also a lot of good people delivering that welfare in a bad system. And so they end up looking bad, and they end up looking like they do not care, and they are caught up in these bureaucracy, and that is an unfortunate point.

I think that the testimonies that you have brought forward do point out some of what we need to straighten out. I am glad we are having these hearings on the child support enforcement, but I also think that what you point out is one of the reasons that it is important to get it back to the local and the State level, because it is much easier to coordinate from that level. Because, where government is more local, it is also more accountable, and people like you can go down and at least have that much more say than coming up here to the ivory towers of Washington.

Yes, Ms. Cave.

Ms. CAVE. But right now, most of the programs are implemented by the States and the local counties; right now they are.

Mr. ENSIGN. But they are designed here at the Federal Government, and it may take years for waivers, and we tie their hands so much from the Federal Government standpoint. You have seen a lot of successes in the States that have gotten these waivers to be flexible, and that is what we are trying to give, is instead of them having to spend a lot of the States' taxpayers' dollars to come here to get those waivers, we are trying to automatically grant them those waivers with some guidelines and with some safety nets in there.

Ms. CAVE. Except it is going to be very——

Mr. ENSIGN. Ms. Loendorf.

Ms. LOENDORF. If I could make one statement? I have no problem with giving the States the authority. But if the State is going to have the authority, getting back to Mr. Ford's questions, establishing paternity with the State of California took well over 5 years, and the second child, it took 3½ years, and I worked my case, and I pushed it.

Mr. ENSIGN. Yes. Those are some of the guidelines that certainly need to be put in.

Ms. LOENDORF. And if somebody—I do not think—I am not for welfare, but I do not think you can put a limit on 2 years either, because sometimes—I am losing my train of thought—the State needs to take the responsibility of giving the leeway. Until paternity is established, I think the State should help out that person.

I mean, I feel for the people out there. I do not want them to get dumped or, you know, those kids. The kids are the big thing with me. I do not want any kid to suffer because of the welfare reform cuts that are coming.

But definitely welfare reform does need to be made. But the State also needs to have a time limit, if I could say it that way, to establish the paternity, like within 1 year.

Mr. ENSIGN. And I think that some of the technology may in the future change some of the provisions.

I want to thank the panel very much for your testimony.

We would like to call the next panel forward, please: Gary Tester, the regional director, Boysville of Michigan; Jerry Dooley, member, Citizens Jury on Welfare Reform, Jefferson Center, Rochester, Minnesota; Catherine A. Young, vice president, Women's Freedom Network, Washington, DC.

Welcome, panel, and just to remind you that we do have a 5-minute rule, that we have still a lot of witnesses that want to testify today. The yellow light will come on when there is approximately 40 seconds to go, and we will have to hold to the 5 minutes.

And why don't we proceed with Mr. Tester.

STATEMENT OF GARY TESTER, REGIONAL DIRECTOR, BOYSVILLE OF MICHIGAN, CLINTON, MICHIGAN

Mr. TESTER. Good afternoon. Thank you for the opportunity to testify on this matter.

There certainly has been compelling personal testimony this afternoon, and I am coming from the position of a program administrator for a large child welfare agency. We provide residential and in-home services for thousands of families in Ohio and Michigan. And certainly the issue of welfare reform is something that we sup-

port. I would agree that there are not very many people who would not.

However, there are issues that we would like to ask you to consider. We offer our hand, as a child welfare agency, in working with Members of Congress to look at this difficult issue.

We often have brought to our attention children who come to us through the Department of Human Services, the Children Services Board, or the juvenile justice system. These children come from families that have experienced extreme dysfunction.

Approximately 80 percent of the children we work with have been sexually and/or physically abused. We also see children who have been involved in families with long histories of criminal involvement. We have approximately 75 percent of our children coming from homes in which at least one parent is addicted to alcohol and other drugs.

As an agency, we are dedicated to working with families in the hope that we can help the children and families to be reunited and to be productive and comfortable in working in society. Our ability to carry that mission out is very much dependent upon our ability to work effectively with other systems.

It is not at all unusual for us to have a child in treatment, receiving alcohol and other drug treatment services and other counseling, while living with us in a residential center when we are offering them vocational training, and we are working with their parents through another agency to provide them alcohol and other drug treatment and family counseling as well.

It is clear based on the testimony that I have heard today, and I am certain on the testimony that you have not only heard at this point but will continue to hear, that this is a very complex issue.

Our encouragement is that consideration be given to how broad these issues are, how complex the solution must be, and to making certain that as States receive more and more empowerment to address these issues at the local level, that they are also encouraged to take into account the complexity of the situation.

I would also like to address very briefly the issue regarding the possibility of substance abuse treatment and testing for individuals receiving assistance. An earlier person noted that addiction is a disease. And I would simply point out that we would not withdraw benefits from someone who had a heart condition if 2 years after they received bypass surgery, they needed more bypass surgery.

It is very frightening when we consider that we may have individuals who are doing their best to stay sober and, are having a difficult time and face the prospect that within 2 years they may not be eligible for benefits as they try and stay sober.

We support the idea of accountability for families. We support the idea of providing them all the assistance and training and counseling that we can. And we just simply ask that as these issues are considered, that the Members of Congress take into account how complex the issues are, and that we try and build a system at the State level that will allow us to work effectively with these families.

Thank you.

[The prepared statement follows:]

**TESTIMONY OF GARY TESTER
BOYSVILLE OF MICHIGAN**

My name is Gary Tester. I am a representative of Boysville of Michigan, and on behalf of Boysville, I would like to offer testimony to the Ways and Means Committee regarding proposed welfare reforms.

Boysville of Michigan, established in 1948, is Michigan's largest Catholic-oriented, not-for profit child caring and family preservation agency serving children and families throughout the state of Michigan and also in 19 counties in northwest Ohio.

Boysville originally opened in 1948 as an orphanage/boarding school for young men under the administration of Notre Dame Brothers of Holy Cross. As society's problems grew in scope over the years, so did the problems of young men admitted into the program. By the early 1970's, delinquency became a significant statewide problem, and Boysville began transitioning the original boarding school into a residential treatment center. The focus moved from providing basic care to offering special treatment services to help youngsters deal with their problems.

Long a pioneer in residential services for troubled and delinquent youth, Boysville recognized that the family must be involved in the treatment process if significant changes were to occur. As a result, the agency initiated an innovative family work approach in the early 1980's which served as a catalyst for a total agency shift toward more family-centered, community-based services. Boysville developed a spectrum of services for both girls and boys including therapeutic foster care, intensive family preservation services, chemical dependency treatment services, reunification services, and other community-based programs.

Currently, Boysville offers fully-accredited residential and community-based programs throughout Michigan and northwest Ohio, serving more than 1400 girls, boys, and their families on an annual basis. Our mission, at all times, is to do everything we can to assist families in their home environments so they have an opportunity to become productive, self-sufficient members of society.

After working almost fifty years on difficult children's issues, Boysville applauds that the well-being of children and families increasingly is a focus of national attention. As more and more people express their frustration with the failings of the welfare system, high rates of illegitimacy, irresponsible parenting, poor schooling, drugs, and violence, there is now an opportunity to open rational dialogue about necessary and humane reforms in the welfare system. We recognize there are no simple solutions to complex human problems, and while it is tempting to look at quick fixes and short term solutions, we must resist that temptation. Children's welfare should always be the underlying principle in welfare reform.

We are concerned that parts of the "Contract with America," released by the U.S. House Republicans on September 27, 1994, fail to conform to that underlying principle. We refer specifically to sections of the "Personal Responsibility Act" which contains a series of welfare reform initiatives which would substantially reduce a wide range of benefits for poor children.

According to a November 22, 1994 report released by the Center on Budget and Policy Priorities, if the welfare reform proposals were fully in effect today, at least 2.5 million families and more than 5 million children currently receiving assistance would be ineligible for benefits. The proposed reductions in Aid to Families with Dependent Children (AFDC), Supplemental Security Income (SSI), Food Stamps, and Medicaid are estimated to be twice the size of cuts made in these programs in 1981 and 1982, when the deepest reductions in poverty programs in the last three decades were made. This is very troubling, as are the following proposed changes in public assistance programs.

Key provisions of proposed changes:

- States would be permitted to eliminate all of AFDC benefits to families who have received aid for two years provided an individual had been required to participate in a work program for at least one year. States would be required to deny aid to anyone who had received aid for five years. The limit would be cumulative over a person's lifetime. There would be no exceptions or extensions to the time limit.

Recipients willing to work but unable to find an unsubsidized job to support their children--including those who had worked for several years in a subsidized work slot--would be denied all aid once they had passed the time limit. No exceptions would be made for temporary disability or the need to care for a disabled family member.

- States would be required to deny income assistance and housing benefits to any child born to an unmarried mother younger than 18; states could choose to deny benefits to a child born to an unmarried mother younger than 21.

The child would be permanently ineligible for AFDC unless the child's mother married the father or another man who legally adopted the child. Current recipients in this group would continue to receive benefits. However, if an unmarried teen mother had a child, went to work, and needed help five or ten years later, the state would be prohibited from income assistance.

Savings realized by the denial of support for those children could be used by states for a range of purposes, including the establishment and operation of orphanages, group homes for unwed mothers, the promotion of adoption, and programs to reduce out-of-wedlock births. States would not be permitted to use the savings for cash assistance to the families or for abortion or abortion counseling.

- Benefits for a child whose paternity is not legally established would be denied, except in the case of rape, incest, or a state determination that establishment of paternity would result in physical danger to the mother.

These children would be denied benefits until paternity was legally established even if their mothers cooperate with state efforts to establish paternity. The Center for Law and Social Policy estimates that if this provision had been in effect in 1992, approximately 123,309 Michigan children receiving AFDC would have been denied benefits under this provision.

- Children born to families receiving AFDC would be ineligible for aid.

States would be required to deny aid to any child born to a family receiving AFDC and to any child born to a family which received AFDC at any time during the ten-month period preceding the birth of the child. If a family received AFDC at any time during a pregnancy, aid would be denied even if the family was not receiving AFDC at the time of conception or time of birth; aid would be denied to the child even if the next application occurred five or ten years later.

- Most legal immigrants would be ineligible for assistance under 60 federally funded programs.

One year after enactment of the proposal, most legal immigrants would be ineligible for income and food assistance (including WIC for pregnant women and infants), child immunizations, child care assistance, screening for lead poisoning, job training, housing, foster care and adoption assistance, and emergency food and shelter programs. Legal immigrants disabled in the United States would be ineligible for SSI benefits. The only exceptions would be for refugees during this first six years in the United States and persons over 75 who were admitted for lawful permanent residence and had resided in the United States for five years.

- **States would be required to establish a work program and meet escalating participation standards for the percentage of recipients working 35 hours a week in exchange for benefits.**

States could require 35 hours of work per week in a state-run work program as a condition of eligibility for aid. At the average Michigan AFDC grant level (\$459 a month), this would translate to "earnings" of \$3.03 per hour. Some analysts have estimated that the administrative and child care costs for implementing this provision could double the current cost of AFDC. A state failing to meet the work participation rate would suffer fiscal penalty. The magnitude of the penalty is unclear; the bill provides for a 25 percent reduction in payment to the state, but the amount to be reduced by 25 percent is unclear.

States would be prohibited from providing direct support, child care, or transportation to "nonwork activities" such as education and training for more than 24 months after the effective date of the Act.

- **Most of the rules for the Job Opportunities and Basic Skills Program (the MOST program in Michigan) would be repealed.**

States would not be required to provide any basic education services, occupational training, job search assistance, or English language classes. No recipients would be exempt from the MOST program based on disability, or the age or disability of a child.

- **Under the welfare reform proposal and other initiatives, ten federal food assistance programs, including Food Stamps, WIC, the school lunch and breakfast programs, elderly nutrition and The Emergency Food Assistance Program (TEFAP) would be combined into a block grant to the states and capped at levels significantly below current spending on these programs.**

The formula for setting the maximum annual allocation for the block grant would be based solely on population growth and changes in food prices, thus preventing federal funding for expansion of assistance in times of greater need. Federal appropriations would be discretionary, allowing Congress to appropriate less than the amount that could have been appropriated under the formula in any year. The Center of Budget and Policy Priorities estimates that over a four-year period, the proposed funding formula for this provision would reduce federal spending for food and nutrition programs by \$18 billion below projected spending under current law. While the block grant would require a certain set-aside for WIC-type programs, school breakfasts and lunches, child care programs, and summer food programs for children, there would be no requirement for states to have a Food Stamp program.

- **Total federal spending for many programs would be capped.**

Effective Fiscal Year 1996, total federal spending for a combination of programs could not exceed estimated spending for the prior year, adjusted for inflation and changes in the poverty population. The affected programs would be AFDC, the AFDC work program, Child Support Enforcement, AT-Risk Child Care, SSI, and 15 housing programs (including public housing and Section 8 housing).

- **States could choose to receive AFDC funding in block grant form.**

Any state electing the block grant option for its AFDC program for needy families would be eligible to receive 103 percent of its Fiscal Year 1994 funding, with no cost-of-living, population, or poverty population adjusters. Since the proposal would end AFDC entitlement status, a state electing this option would have no assurance of receiving this level of funding beyond the first year. If the Secretary of Health and Human Services determined that a state electing this option had expended "any amount" for a purpose other than to carry out a program of cash benefits to needy families with children, the Secretary would be required to reduce the amount payable to the state by 20 percent.

e Substance abuse testing and ineligibility for benefits are proposed.

Each individual the state determines to be addicted to drugs or alcohol must agree to participate in an appropriate addiction treatment program (if available) and agree to alcohol or drug testing during and after such participation. Failure to comply would result in ineligibility for assistance for two years.

(Sources: The Center on Budget and Policy Priorities, the Center for Law and Social Policy, the Center on Social Welfare Policy and Law, the Children's Defense Fund, and the Michigan League for Human Services.)

In the coming debate over welfare reform, Boysville hopes that we all can agree to launch a national campaign that will provide meaningful reforms while supporting the value of family and fulfilling our responsibilities to America's children. As Hillary Rodham Clinton states, "too often in the past, we've assumed that only the family, or only the government, was responsible for ensuring the well-being of children. But personal values and national policies must both play a role." Government can either support or undermine families, and it is an inescapable conclusion that our children's future is shaped both by the values of their parents and the policies of our nation. We must tread wisely.

Submitted February 2, 1995

Mr. ENSIGN. Thank you.

Mr. Dooley.

STATEMENT OF JERRY DOOLEY, MEMBER, CITIZENS JURY ON WELFARE REFORM, JEFFERSON CENTER, MINNEAPOLIS, MINNESOTA

Mr. DOOLEY. Thank you for the opportunity to address the Committee today.

In June 1994, my role as a juror on the Citizens Jury debating national welfare reform was one of the most exciting, stressful, and frustrating experiences in my life as a citizen. I was chosen to participate on the Citizens Jury to hear the facts and make recommendations on the need for reform of our national welfare policies. All jurors were selected at random from the First District in Minnesota, and the Jury was balanced to resemble a microcosm of the public.

The jurors spent a full week studying the issue with input ranging from national experts like Congresswoman Jan Meyers, Minnesota Governor Arne Carlson, and White House Advisor Bruce Reed, to local program administrators and actual welfare recipients.

After experiencing the stress of trying to digest 5 days of testimony and statistics, I came to the conclusion that there is no one answer to fit every situation. With 18 jurors, we had 18 opinions on almost every point we discussed. I think I learned a bit about what it must be like to be a Member of Congress.

We eventually agreed upon four objectives which should guide the policymaking on this issue.

The Jury's first objective was that above all welfare should lead toward self-sufficiency. Today's welfare system has created attitudes which encourage long-term dependency. Welfare should be a transition, and we should do more to encourage and facilitate employment. We should change the disregard formula, so benefits are not reduced dollar for dollar with every paycheck earned. Making work more profitable than welfare means not only increasing opportunities and benefits for those who work, but reducing benefits for long-term recipients.

The Jury was impressed with State plans like Minnesota's and Wisconsin's, which emphasized tailor-made contracts for each family. The welfare system needs to be able to adapt to individual needs, and these contracts should include incentives for fulfilling the contract, as well as penalties for noncompliance.

The Jury makes these recommendations based upon the belief that every able-bodied person should be required to work. Recipients who are unable to find work in the private sector should receive employment opportunities provided by the State in the form of government-subsidized jobs.

The Jury felt that many welfare programs, while well-intentioned, send the wrong message to the public and encourage behavior inconsistent with our cultural values.

The second objective was to hold parents accountable for the care of children and to promote policies that encourage the preservation of the family unit and instill moral values. The present system, in practice, assigns mothers the sole responsibility of child rearing.

The Jury supported the use of any and all means necessary to enforce child support payments for all children. A key component would be a national database to track deadbeat dads across State lines. Early intervention programs like Head Start are needed to more directly address the needs of the children who are the real victims.

The Jury had grave concerns with giving cash benefits to teenage mothers and supported terminating AFDC payments to individuals under 18, assuming that a custodial adult is available for the minor parent. Statistics indicated to us that both the parent and the child in this case are being victimized by the system. The welfare system should not give teenage parents any additional incentive to form an independent household.

Our third objective was to use existing money more effectively. Today the system exists to serve itself and not the needs of the people. The advantages of modern technology and the information superhighway should extend to welfare recipients in the form of one-stop shopping and more timely benefits. In addition, there should be—more should be done to help the working poor before they are forced to go on welfare.

Finally, as our fourth objective, the Jury voted to give State and local governments more authority to design and administer welfare programs. The Jury felt strongly that there is no standard solution to the welfare problem. Local governments are in a better position than the Federal Government to tailor welfare programs to the specific needs of their constituents.

Therefore we should first expedite the system of granting Federal waivers to States. And the Jury also liked the idea of replacing federally mandated programs with block grants to States. However, standard benefit levels should be set for all 50 States to alleviate the problem of interstate migration.

The Jury believed that reform could be accomplished without securing additional funding. However, if funds are necessary, we would support a tax increase, as long as additional methods of raising revenue are examined, including cutting non-means-tested entitlement programs for wealthy individuals and limiting SSI benefits for legal immigrants.

I really appreciate the opportunity to address this group. I want to emphasize that these are the opinions of the average citizens of Southern Minnesota. I learned a great deal over the course of the Jury and in the months since. But these recommendations represent the collective wisdom of that group.

Thank you.

[The prepared statement follows:]

TESTIMONY OF JERRY DOOLEY

Representing the Citizens Jury® on Welfare Reform
 Subcommittee on Human Resources of the Committee on Ways and Means
 February 2, 1995

The Citizens Jury on Welfare Reform was held in June of 1994 in Winona, Minnesota. The Citizens Jury process was developed by the Jefferson Center of Minneapolis as a way of learning how a group of ordinary citizens would feel on the issues of the day if they had both access to good information and a week's time to devote to studying it. It was the first Jury held in conjunction with a Member of Congress -- all the jurors were selected at random from the first district in Minnesota, and the Jury was balanced to resemble a microcosm of the public. Their results were reported to former Congressman Tim Penny, and have been passed along to his successor, Rep. Guknecht. The jurors spent a full week studying the issue, with input ranging from national experts like Congresswoman Jan Meyers, Minnesota Governor Arne Carlson and White House Advisor Bruce Reed to local program administrators and actual welfare recipients.

In June of 1994 I had one of the most exciting, stressful and frustrating experiences in my life as a citizen. I was chosen to participate on a Citizens Jury to hear the facts and make recommendations on the need for reform of our national welfare policies. After experiencing the stress of trying to digest five days of testimony and statistics, I came to the conclusion that there is no one answer to fit every situation. And with 18 jurors, we had 18 opinions on almost every point we discussed. I think I learned a bit about what it must be like to be a Member of Congress. We eventually agreed upon four key which should guide policymaking on this issue.

The Jury's first objective was that, above all, welfare should lead toward self-sufficiency. Today's welfare system has created attitudes which encourage long-term dependency. Welfare should be a transition, and we should do more to encourage and facilitate employment. We should change the disregard formula so benefits aren't reduced dollar-for-dollar with every paycheck earned. Making work more profitable than welfare means not only increasing opportunities and benefits for those who work, but reducing benefits for long-term recipients.

The Jury was impressed with state plans like Minnesota's and Wisconsin's which emphasize tailor-made contracts for each family. The welfare system needs to be able to adapt to individual needs. These contracts should include incentives for fulfilling the contract as well as penalties for noncompliance.

The Jury makes these recommendations based on the belief that every able-bodied person should be required to work. Recipients who are unable to find work in the private sector should receive employment opportunities provided by the state in the form of government-subsidized jobs.

The Jury felt that many welfare programs, while well-intentioned, send the wrong message to the public and encourage behavior inconsistent with our cultural values. **The Jury's second objective was to hold both parents accountable for the care of the children and to promote policies that encourage the preservation of the family unit and instill better morals.** The present welfare system, in practice, assigns mothers the sole responsibility for child-rearing. The Jury supported the use of any and all means necessary to enforce child support payments. A key component would be a national database to track deadbeat dads across state lines. Early intervention programs like Head Start are needed to more directly address the needs of children, who are the real victims.

The Jury had grave concerns with giving cash benefits to teenage mothers and supported terminating AFDC payments to individuals under age 18, assuming that a custodial adult is available for the minor parent. Statistics indicated to us that both the parent and the child are being victimized by the system. The welfare system should not give teenage parents any additional incentive to form an independent household.

Our third objective was to use existing money more effectively. The system exists to serve itself and not the needs of the people. The advantages of modern technology and the information superhighway should extend to welfare recipients in the form of one-stop shopping and more timely benefits. In addition, more should be done to help the working poor before they are forced to go on welfare.

Finally, as our fourth objective, the jury voted to give state and local governments more authority to design and administer welfare programs. The Jury felt strongly that there is no standard solution to the welfare problem. Local governments are in a better position than the federal government to tailor welfare programs to the specific needs of their constituents. Therefore we should first expedite the system of granting federal waivers to states. The jury also liked the idea of replacing federally mandated programs with block grants to the states. Standard benefit levels should be set for all fifty states to alleviate the problem of interstate migration.

The Jury believed that reform could be accomplished without securing additional funding. However, if such funds are necessary we would support tax increases as long as additional methods of raising revenue are examined, including cutting non-means tested entitlement programs for wealthy individuals and limiting SSI benefits for legal immigrants.

I appreciate the opportunity to address this distinguished committee. I want to emphasize that these are the opinions of the average citizen in Southern Minnesota. I learned a great deal over the course of the Jury and in the months since, but these recommendations represent the collective wisdom of the group. Thank you for your time.

Mr. ENSIGN. Thank you.

Ms. Young.

**STATEMENT OF CATHY YOUNG, VICE PRESIDENT, WOMEN'S
FREEDOM NETWORK, WASHINGTON, DC**

Ms. YOUNG. Good afternoon. I would like to thank you first of all for allowing me to appear before you on behalf of the Women's Freedom Network, which is a nonpartisan group founded to promote an approach to women's issues that emphasizes individual rights and personal responsibility.

We believe that the welfare state is an especially poignant case of the failure of the State bureaucracies to improve women's lives.

Aid to Families with Dependent Children is a system designed at a time when women were not expected to be economically independent, especially if they were mothers. If they did not have a man to support them, they were believed to need public aid.

The society in which we live today is very different. More than two-thirds of all women with children are in the work force. In middle-class and working-class America, young women now consider job skills to be just as essential as young men do, even if many plan to spend some time at home with their children full time.

While taking care of young children is certainly very important work, it is now widely acknowledged that participation in the work force is a wonderful builder of discipline, self-confidence, and self-worth.

Ironically the one class of women most blatantly left out of the women's movement into the workplace and toward economic self-determination have been long-term welfare recipients. For millions, what was supposed to be a lifeline has become a trap.

There is much debate about whether welfare causes young women to have children out of wedlock. I think we can all agree that in its present form it certainly enables them to bear children neither they nor the men in their lives expect to support. And I think conservative or liberal, we can all agree that this is wrong.

As the perverse incentives of the welfare state are dismantled, women and children certainly cannot be abruptly left to fend for themselves. A new system of aid should emphasize education, job skills, and delaying parenthood until one is able to take care of one's children.

With this in mind, I would like to make the following suggestions:

It is imperative for States to be allowed as much flexibility in devising public assistance to families with children as is possible without putting the children at risk. That is the only way in which different policy options can be tested. The programs themselves need to be flexible, unlike the existing one-size-fits-all welfare system.

Many women on AFDC use public assistance temporarily after falling on hard times or leaving a bad marriage. Surely they have very different problems and different needs than teenage mothers who have not completed their schooling and have never held a steady job.

That they are all within the same program obscures these fundamental differences. Why not, for instance, have an insurance program for working people and families into which they could contribute and then collect support if they were temporarily unable to provide for a child?

Breaking up AFDC into different services tailored to different populations would also make it far easier to have a better understanding of what the real problems are.

Welfare reform should also encourage grassroots solutions rather than bureaucratic controls. It is often said that helping mothers on welfare to get jobs will require government spending on child care. But why should not some of the mothers run home-based day care centers and at the same time become self-supporting and provide services to other women?

Often it is because government regulations set obstacles in their way. It is time to revise those regulations and also to take another look at laws that restrict people from working at home in any capacity.

Also we believe that while no mother should be penalized simply for being poor, we should squarely confront the fact that some women on welfare programs, especially those who have children while very young and those who have problems with substance abuse, do not have the maturity, stability, or self-discipline to be good parents.

To take just one example, case records in Michigan show that nearly half of that State's cases of child abuse occur at the hands of single mothers, and that is not counting child abuse at the hands of the mother's boyfriend, which is also a frequent occurrence.

In part because of the traditional habit of idealizing the mother-child bond, our society often finds it difficult to confront honestly the reality of abusive behavior by some of these mothers toward their children. And again, some of that is due to the stresses that they face; it is not that they are necessarily the bad guys.

But we do believe that not every family unit, especially of a teenage mother and her children, can or should be preserved. In the name of family preservation, many children have been placed back into the hands of abusive or irresponsible mothers, sometimes resulting in the subsequent death of the child. And at the same time, many loving and stable couples which care for children in foster care have been prevented from adopting them. I think this should change.

At the same time, there are many teenage mothers who may be immature and may lack education or skills, but are very committed to caring for their children. For these young women, group homes could be a valuable option. In these settings, they could continue their education and acquire job skills and could also receive counseling that would help them cope with the stresses of parenting.

Mr. ENSIGN. Ms. Young, we are under time constraints, so the rest of your testimony will be submitted into the record.

Ms. YOUNG. Thank you.

[The prepared statement follows:]

**TESTIMONY OF CATHERINE A. YOUNG
WOMEN'S FREEDOM NETWORK, WASHINGTON D.C.**

Good afternoon. My name is Cathy Young and I am here as vice president of the Women's Freedom Network. We are a non-partisan group founded to promote an approach to women's issues that emphasizes individual rights and personal responsibility. We believe in empowering individual women rather than the state and its bureaucracies.

The welfare state is an especially poignant case of the failure of bureaucracies in improving women's lives. Aid to Families with Dependent Children is a system designed at a time when women were not expected to be economically independent, particularly if they were mothers. If they did not have a man to support them, they needed public aid. Ironically, as historian Linda Gordon shows in her book Pitied But Not Entitled: Single Mothers and the History of Welfare (The Free Press, 1994), the social reformers who designed the welfare system were mostly professional women who were themselves self-supporting but believed that other women belonged at home with kids.

The society in which we live today is very different. More than two-thirds of all women with children are in the workforce; for mothers whose children are over the age of nine, the figure exceeds three-quarters. In middle-class and working-class America, young women now consider job skills just as essential as young men do, and expect to be in the workforce for most of their adult lives even if many plan to spend some time at home with their children full-time. While taking care of young children is certainly important work deserving of great respect, it is now widely acknowledged that participation in the workforce is a wonderful builder of discipline, self-confidence, and a sense of self-worth. Ironically, the one class of women most blatantly left out of women's movement into the workplace and toward economic autonomy have been long-term welfare recipients.

There are times when many mothers need a lifeline before they can achieve economic self-sufficiency. But for millions, what was supposed to be a lifeline has become a trap. The present system reduces women to humiliating dependency and alienates men from families and children. It also legitimately angers many working parents who would like to have more children or spend more time with the ones they have but simply cannot afford it, and who see their tax dollars being used to pay other women to stay at home with their children.

There has been much debate about whether welfare causes young women to have children out of wedlock. I think, however, that we can all agree that in its present form it enables them to bear children neither they nor the men in their lives expect to support. Read an article by Kay Hymowitz published in The Washington Post November 13, 1994, called "Real Life on the Teen Mommy Track." This article shows an environment for inner-city teens where having a baby is the emblem of adulthood, a career is a vague fantasy, and marriage is irrelevant. This may not be a great life but it's the most accessible and familiar option in a world where options are limited. "Welfare as we know it" sustains this destructive culture. Read, also, a striking article by Jason DeParle in the December 18 New York Times Magazine. It tells the story of Mary Ann Moore, a mother of four in Chicago who has lived on welfare since the age of 18. This is a woman with plenty of energy, spirit, capacity for hard work. However, she has abused cocaine, she has gotten pregnant while on drugs, she has quit jobs which she could have kept. The article leaves little doubt that the welfare system has, in the author's words, "indulged" this self-defeating behavior, "allowing her to give up" despite her reserves of strength.

Whether we are conservative or liberal, we should all be able to agree on something very basic: it is not responsible behavior to have children, whether you are male or female, when you know you cannot support them. Of course, no couple which has

a child can be sure that it will always have means of support. People lose jobs; people become disabled. But surely it makes a difference whether, at the time you bring a child into the world, you fully intend to rely solely or mainly on public assistance.

But, as the perverse incentives of the welfare state are dismantled, women and children cannot be abruptly left to fend for themselves. A new system of aid should emphasize education, job skills, and delaying parenthood until one is able to take care of one's children. And while recognizing the needs of single mothers, new programs should stress that children are both parents' responsibility.

With this in mind, I would like to make the following suggestions.

1. It is imperative for states to be allowed as much flexibility in devising programs of public assistance to families with children as is possible while ensuring that children are not put at risk. That is the only way in which different public policy options can be tried and tested.
2. The programs themselves need to be flexible, unlike the existing one-size-fits-all welfare system. We are often told that the stereotype of welfare mothers as women who have spent their whole lives in the welfare culture and started having children as teenagers is inaccurate, that many women on the Aid to Families with Dependent Children rolls use public assistance temporarily after falling on hard times or leaving a bad marriage. And that is true. But surely, women in the latter category have very different problems and different needs than do teenage mothers who have not completed their education and have never held a steady job. The fact that they are all within the same program obscures these fundamental differences. Why not, for example, have an insurance program for working people and families into which they would contribute and could then collect support if they were temporarily unable to provide for a child? Breaking up AFDC into different services tailored to different circumstances would also make it far easier to have a better understanding of the composition of the welfare population.
3. Welfare reform should encourage grass-roots and community solutions rather than bureaucratic controls. For instance, it is often pointed out that helping mothers on welfare to get jobs will inevitably require government expenditures on child care. But why shouldn't some of these mothers become self-supporting by being entrepreneurs and running home-based day care centers? Often, it's because government regulations set obstacles in their way, imposing arbitrary restrictions, far beyond basic safety requirements, on private individuals' ability to take in children for at-home care. Such regulations should be reconsidered. It is also time to take another look at laws that restrict a person's ability to work at home. These laws may have been necessary in a different era but today they are antiquated and burdensome. I should point out that local governments will have to play a key role in reforming these laws.
4. While no mother should be penalized simply for being poor, we should squarely confront the fact that some women in welfare programs, particularly those who have children while they are themselves still children and those who have problems with substance abuse, do not have the maturity, the stability, or the self-discipline to be good parents. I am by no means suggesting that poor parenting skills are never a problem in other segments of society. But the young age at which some of these women become mothers, combined with the lack of support from the father and with other forms of stress, and often with drug or alcohol abuse as well, can make the situation especially precarious. To take just one example, case records in Michigan show that nearly half of that state's confirmed cases of child abuse occurs at the

hands of single mothers. And that is not counting child abuse at the hands of the mother's boyfriend.

In part because of the traditional habits of idealizing women and mothers, and particularly the mother-child bond, our society often finds it difficult to confront honestly the reality of irresponsible and abusive behavior when it is committed by women, particularly by mothers toward their children. In the name of "family preservation," children have been placed, again and again, back into the hands of mothers who have mistreated them or who have otherwise proven themselves incapable of acting as parents. In some cases this has resulted in the subsequent death of the child. Often, loving and stable couples are prevented from adopting a foster child for whom they have cared for a long time because the claim of an absent and/or abusive mother is considered pre-eminent. This should be changed. The mother-child bond is important but not more important than the best interests and sometimes the life of the child.

Here I would also like to point out that here in Washington, D.C., when foster parents want to adopt an abused or neglected child, the process of going through the system takes twice as long as it does anywhere else in the country. The national average is 2.5 years -- and that is still far too long -- but here in the nation's capital, it takes five years for the adoption to be completed. I think this is a situation worthy of serious concern.

There are also teenaged mothers who may be immature and may lack education or skills but at the same time are very committed to caring for their children. For these young women, group homes could be a valuable option. In these settings, they could continue their education and acquire job skills and could also receive counseling that would help them cope with the stresses of parenting. For the children, such an environment would combine the benefits of a supervised setting and the warmth and personal care that only a parent can provide.

5. While it is extremely important to extend to poor mothers opportunities to better their and their children's lives through education and job training, no welfare reform program can be truly successful if it leaves out fathers. At the Women's Freedom Network, one of our principles is equal partnership between men and women, and certainly nowhere is that partnership more essential than in child-rearing. This does not mean a rigidly traditional division of roles between father and mother. Each couple, of course, should be able to decide between themselves how to distribute their responsibilities. But it is a simple fact that it takes two people to bring a child into the world and it generally takes two people to raise a child. It goes without saying that many single mothers do an excellent job of rearing their children in very difficult circumstances. Yet there is ample evidence, compiled by Sara McLanahan and Gary Sandefur in the new book Growing Up with a Single Parent (Harvard University Press), that even when other characteristics such as income, race, and ethnic background are the same, growing up with only one parent places children at an additional disadvantage.

Single motherhood as an institution is not fair to women or to men. It is unfair to the many men who would like to be involved in their children's lives but never have that opportunity. It is unfair to the women who have to take on the burden of child-rearing alone. More and more people active in the women's movement now understand that there can be no parity for women in the workplace until men share more of the responsibilities at home. But it is inconsistent, to say the least, to argue that fathers need to be more involved in caring for their children and that there is nothing wrong with single motherhood.

Therefore we believe that it is exceptionally important to encourage family formation and paternal involvement. Identifying fathers whenever possible is an important first step. Some opponents of this measure argue that it could endanger women who are trying to leave violent partners. We believe that there are ways to make sure that a woman can name the father of her child without being placed at risk -- for example, by adding a stipulation that if there is any confirmed history of domestic abuse, the man would not be informed of the woman's whereabouts. Domestic violence is a serious problem, but it needs to be treated as the exception that it is, not as the rule. It would be wrong and unfair for legislation to be based on the presumption that fathers are guilty of abusing the mothers of their children until proven innocent.

Any job training program set up in the context of welfare reform has to include fathers as well as mothers. However, we also believe it would be highly detrimental for the father's role in the family to be reduced to supplying a paycheck. Children deserve love and care, not just money, from both parents. And contrary to the stereotype, not all fathers need to be coerced into supporting their children.

No amount of welfare reform will ever create a world in which every adult is responsible and independent, and every child has a caring, stable, intact family. But we as a society, as communities, as women and men, can certainly do better than we have done to date.

Mr. ENSIGN. Mr. Camp.

Mr. CAMP. Thank you, Mr. Chairman.

Ms. Young, the statistic you cited from Michigan, did that include neglect and abuse cases, that 50 percent figure, do you know?

Ms. YOUNG. I believe these are confirmed cases of physical abuse, but I would really have to check my sources.

Mr. CAMP. OK. I appreciate what you have said about the need for State flexibility and the need to try to allow the States to create programs that might work in my district in the middle part of Michigan that do not necessarily work in Detroit, or what works in California may not work in New York.

Ms. YOUNG. Right.

Mr. CAMP. And I think that is what we are trying to do, and I think that could be a big help in getting a welfare system that works instead of keeping people trapped in dependency.

And we would like to see people become economically dependent, because we think that is where their self-worth comes from, not from being reliant on government, but being self-reliant. So I appreciated your comments there.

Mr. Tester, we are going to be looking at some support enforcement, and so I am glad for your comments about paternity establishment, because we would like to see both parents responsible for the care of the child, and we will be looking at that as part of this welfare reform bill.

I did note that you mentioned that if a mother cooperated with State efforts, she would be denied benefits. And the case is that if she names not more than three individuals and provides the addresses of those individuals, and the State does not disprove her allegation, then aid under the State plan may not be denied to the family.

So the standard that the mother has to come to is simply naming the father and providing the address of the individual or, if they do not know the address of the individual, the address of immediate relatives.

So I just wanted to make sure that that was understood. It is on page 8 of our bill, if you want to look at the legislation.

But I just want to thank the witnesses for testifying. And thank you, Mr. Chairman.

Mr. ENSIGN. Mr. Levin.

Mr. LEVIN. Thank you. Let me just say hello. The hour is late. There are other witnesses waiting. And if I might, especially to Mr. Tester, since I have had some happy occasions with your organization.

Mr. TESTER. Thank you.

Mr. LEVIN. Anyway, we welcome the testimony of all three of you. Thank you.

Mr. ENSIGN. Thank you. Mr. Tester you talked about State flexibility with some guidelines.

Just in general, do you have three or four guidelines, that you would have us put on the States?

Mr. TESTER. I think it would be very important as we talk about State flexibility, let us make certain that we examine the entire family. I know that you have heard from many child welfare folks.

And naturally our zealousness is to make sure that the kids are taken care of.

You have heard from people about child support. You have heard from multiple factions.

Our encouragement would be, please make certain that we look at the entire—if we are talking about a car, let us make sure that we look at the entire car and not simply making sure that the tires are OK, because while the tires may get fixed, the engine will fall out, and we are going to have problems.

So the idea would be, let us make certain that we look at not only what the treatment needs, for example, of the children are and not only what the nutritional needs of the children are, but let us make sure that we also set that up in such a way that we are addressing the entire family all at once, so that we are trying to do all that we can to position this family to succeed together.

Mr. ENSIGN. How do we tell the States to do that? In other words, what are the guidelines that we should enact from here?

If we are giving the States a block grant, and we are saying we want to give you flexibility, but here are the guidelines, what are some minimum guidelines that we should require say—should do for the States to make sure that some of these things are accomplished?

Mr. TESTER. I think what we would be happy to do is present that in writing. I will be happy to work with my administrators to present those ideas and what we think would make sense.

[The information was not available at the time of printing.]

Mr. ENSIGN. OK, thank you. And I would like to thank the panel for their testimony.

I would like to call up the next panel. It would be David Burgess, Texas Fathers Alliance, Austin, Texas; Richard Larson, director of Office of Program Innovation, Income Maintenance Administration, Maryland State Department of Human Resources; Mark S. Epstein, president, Public Voice for Food and Health Policy; Kirk E. Harris, consultant, Paternal Involvement Demonstration Project, Chicago, Illinois; Sara F. Dustin, director of Parents for Justice, Hopkinton, New Hampshire; Samuel J. Simmons, president and chief executive officer, National Caucus and Center on Black Aged, Inc.

And let us start with—

Mr. FORD. Mr. Chairman, I would just like to personally welcome Samuel Simmons, who is the president and chief executive officer of the National Caucus and Center on Black Aged.

I have had an opportunity where we had a Select Committee on Aging in the Congress, Mr. Chairman, to work very closely with him over the years, and I would just like to personally welcome Mr. Simmons to this Committee today.

Mr. ENSIGN. We look forward to his testimony.

If Mr. Burgess is here, as soon as we have the name tags, we are under a 5-minute rule. The hour is late, and we would appreciate your keeping your testimony to the 5 minutes. The yellow light will go on with about 40 seconds to go, and any written testimony will be submitted into the official record.

Thank you.

**STATEMENT OF DAVID BURGESS, TEXAS FATHERS ALLIANCE,
AND AMERICAN FATHERS COALITION, AUSTIN, TEXAS**

Mr. BURGESS. Good afternoon. My name is David Burgess, and I am from Temple, Texas.

As a custodial father, I have raised a 26-year-old daughter, now married, and a 17-year-old son who is an Eagle Scout.

I am a volunteer mentor for the Men's Fathers' Hotline, a national crisis line for men and fathers, and have devoted the last 15 years to counseling fathers who are trying to maintain a relationship with their children.

I was asked by the Texas Fathers Alliance to speak for them at this hearing. They have asked me to express their gratitude to this Committee and to the leadership of Congress for the opportunity to speak to you about fathers and their desire to be involved with their children.

The American family is in a crisis, a crisis created by policies which inadvertently drive men away from their families and away from their children, policies that this Congress has the power to change.

The large volume of phone calls to the hotline, now over 18,000 per year, enable us to determine the attitudes of a broad sampling of the fatherhood community. It is significant that about one-third of these calls to the hotline are from women who are concerned that a father will be denied a relationship with his children. They seem to understand the need for both girls and boys to have a loving, continuing relationship with their fathers. We trust that government will reach the same understanding.

Perhaps the most perplexing of those calls are from fathers whose children are living with a mother who chooses to rely on welfare. They cannot understand why government encourages that lifestyle when the father is willing to raise his children without government assistance. They are concerned about their children.

Children who grow up without a father are at high risk for any number of social ills as seen in the divorce/birth/crime statistics of Texas. In 1992, approximately 90,000 Texas children were affected by divorce, and there were 56,000 children born to unwed mothers with no father listed on the birth certificate—19,500 of those unwed births were to teenage unmarried mothers, mothers like those featured in the accompanying news articles in the written testimony; 2,500 of those births were to girls aged 15 or younger.

Not surprisingly, 80 percent of children committed to juvenile prisons come from other than intact homes. These children are most likely to graduate to the adult prison system. As a direct result, Texas has embarked on the largest prison building campaign in the history of the country, if not the world.

We believe that the present welfare system bears much of the responsibility for these shocking numbers. We also believe our proposal will ensure that children have a father, while greatly reducing the cost of delivering services to the most needy of our society.

Our proposal is based on the belief that welfare should not be a substitute for fathers; instead fathers should be a substitute for welfare.

The focal point of our welfare reform proposals are, one, fathers should be given custody of children if the mother chooses to apply

for welfare; two, welfare benefits should be a loan, not an entitlement; and three, both the mother and father should be held responsible for repaying the benefit loan that either one receives on behalf of their children.

As an advisor to hundreds of fathers over the past 15 years, I find men willing and able to assume full responsibility for their children, but they are not given the chance. How does this happen?

We use the stories of three men who have called the hotline to illustrate how government drives fathers away from their children and encourages the mothers to live on welfare. Please read those stories in the submitted testimony.

The questions these men asked us are typical: Why does she want to collect welfare? Why will they not let me have my son and daughter and let her find a job?

We also use the stories of five young girls featured in an "Austin American Statesman" article, girls who became pregnant and had babies because it was the "in" thing to do.

Listen to Jamie, "Out of five of us hanging around, three of my friends got pregnant after I did." That is four out of five.

And listen to Carlisha, "I have one friend who got pregnant just because I was. Another friend felt left out. That is why she did it."

National research has found that 31 percent of teen pregnancies are intentional and that most of the remaining teen mothers were ambivalent about becoming pregnant.

Their attitudes will change only when they are required to pay back the benefits they receive. Our written testimony more fully explains our proposal and also explains how title IV-D agencies encourage welfare dependence while separating father and child.

We ask that Congress pass welfare reform that is father inclusive and that does not continue to devalue the father-child relationship.

Our proposal will be the focus of a panel discussion beginning at 9 a.m. on March 6 in the Hart Senate Office Building Ninth floor Auditorium. I hope that you can have a staffer or yourself attend that.

Again, thank you for allowing us to be part of these discussions.
[The prepared statement and attachments follow:]

Testimony before
 Sub-Committee on Human Resources
 Committee on Ways and Means
 U. S. House of representatives
 February 2, 1995

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Welfare Reform is for Fathers Too!

Introduction:

My name is David Burgess of Temple, Texas. As a custodial father I have raised a 26 year old daughter who is married and has a career as a health care technician, and a 17 year old son who is an Eagle Scout.

I am a volunteer mentor for the Men's/Fathers *HOTLINE*, a national crisis line for men and fathers, and have devoted the last 15 years to counseling with fathers who are trying to maintain a relationship with their children. I am also an advisor to the Texas Fathers Alliance and a member of the Board of Advisors of the Washington, D.C. based Men's Health Network.

I was asked by the Texas Fathers Alliance and the American Fathers Coalition to speak for them at this hearing. They asked me to express their gratitude to this committee and to the leadership of Congress for the opportunity to speak to you about fathers and their desire to be involved with their children. I am here to speak for the fathers of children who are being raised in a welfare environment and to address the myth of the uncaring, uninvolved father.

In 1992, Dr. Louis Sullivan, then Secretary of Health and Human Services, wrote an article entitled, "Where have all that fathers gone?" and stated "It is time that we put the issue of fatherless families front and center on our national agenda."¹ We believe that the welfare system and the practices of the Title IV-D agencies encourage fatherless families. The proposal we offer is based on the belief that *welfare should not be a substitute for father*, instead, *father should be a substitute for welfare*.

Whether the safety net system we employ is "block granted" back to the states or remains under federal control, we must redesign it so that it discourages welfare dependence, promotes father involvement, and provides relief to the taxpayer.

While my testimony will focus on Texas statistics and procedures, the data presented, and procedures followed by the Title IV-D agency and the courts, are virtually the same in every state.

¹ Louis Sullivan, M.D., Secretary, U.S. Department of Health and Human Services, *Child Support Report*, June 1992.

The Men's/Fathers *HOTLINE*

The Men's / Fathers *HOTLINE* is listed around the nation as a crisis line for men and fathers. Callers are referred to local, state, or national assistance programs that can help them solve their problems. The *HOTLINE* is staffed by trained counselors who are receptive to men's concerns and needs and who suggest resources to assist them with finding remedies to those issues that are causing stress in their lives.

The majority of the calls to the *HOTLINE* are from men who have domestic problems and are searching for solutions to those problems. Many are seeking ways to mend their marriages or re-establish a relationship with their children. Others are concerned that their children are living on welfare and are inquiring about the possibility of gaining custody of their children. Still others live with a violent spouse and are concerned about possible danger to their children.

A surprising number of phone calls are from grandparents who are concerned about their grandchildren.

Most of the domestic related calls fall into five distinct categories:

1. calls from or for men who are concerned about an impending divorce and are concerned about the effect that event will have on their relationship with their children,
2. calls from or for men who are experiencing problems with access to their children,
3. calls from or for men who are experiencing financial child support problems due to a decrease in salary or loss of job,
4. calls from or for men who are custodial fathers and who are being harassed by the children's mother or who are having difficulty collecting financial child support -- or who have no financial child support award, and
5. calls from or for unwed fathers who are separated from their children because the mothers do not allow them access or because of a financial child support action and subsequent "visitation" recommendation by the Title IV-D agency (in Texas, the Attorney General's office is the Title IV-D agency).

Welfare related calls to the *HOTLINE*:

The volume of phone calls to the *HOTLINE*, over 18,000 per year, enable us to determine the attitudes of a broad sampling of the fatherhood community -- Anglo, Hispanic, Black (African), and others. It is significant that over 1/3, or more than 6,000 per year of the phone calls to the *HOTLINE* are from women who are concerned that a father will be denied a relationship with his children. They seem to understand the need for both girls and boys to have a loving, continuing relationship with their fathers.

We trust that government will reach the same understanding.

Men who seek assistance through the *HOTLINE* seem to understand that their children want and need a close continuing relationship with both parents. Calls from unwed fathers indicate that they are proud of their children and wish to play a major part in their lives. This is not surprising since the Office of Child Support Enforcement (OCSE) estimates that 80% of unwed fathers appear at the

hospital to see and hold their newborn children.² It is possible that a substantial number of the remaining 20% have not been told that they are fathers.³

If the father is unwed, his first questions are about his rights as a parent, and his fear that the child might be placed for adoption by the mother. He is most likely to ask if it is possible for him to gain custody of his child and, if not, if it is possible to have joint physical custody. Many of these men describe with pride how they were in the delivery room to watch the birth of their child.

If the mother is relying on welfare, the caller usually fails to understand why government will not let him raise his children, at least until the mother is able to provide for herself. The counselor can offer no explanation except that government seems to feel that mothers, not fathers, should raise their children, even if the mothers must rely on government assistance to do so. At the very least, these same men feel that they should be allowed to have possession of their children any time the children might be in day care or with a baby-sitter. Unfortunately, government seems more inclined to pay day care centers than to let the fathers baby-sit their own children.

It is the fate of their children that concerns them. Children who grow up without a father are at high risk for any number of social ills and the sad results of father absence are evident in the divorce, birth, and crime statistics of Texas.

Effects of father absence = higher crime, higher child abuse rates, more unwed teen births, and higher school dropout rates:

Children growing up in a welfare system predicated on absent or driven-away fathers are doomed not just to a life of poverty but to a life filled with early pregnancy, school dropout, and delinquent behavior. Children who grow up without a father present, even when adjustments are made for income, are 375% more likely to need professional assistance for emotional problems, twice as likely to repeat a grade of school, and more likely to suffer a wide variety of other disorders including anxiety, peer conflict, and hyperactivity.⁴ While television and the movies gather headlines as the motivation behind teen violence, school administrators blame "family breakup" for violence in the schools.⁵

The presence of fathers is necessary for children to develop the cognitive, moral, and disciplinary skills needed to succeed in life. Psychologists have determined that children benefit from what Henry Biller, Ph.D. describes as the "Two Parent Advantage." Dr. Biller explains the need for father presence:

Much more attention must be directed at positive paternal involvement in order to provide the best family involvement for the physical, cognitive, emotional, social and moral development of children. Important findings have underscored the significance of 'The Father Factor' through pregnancy, infancy, childhood, adolescence, and adulthood. The father's active involvement helps his son and daughter develop a secure body image, self-esteem, moral standards and

² David Ross, Director, Office of Child Support Enforcement. Comments at the 1994 Children's Rights Council Conference. April 15, 1994..

³ "When Father Knows Nothing", Washington Post, January 29, 1995.

⁴ National Center for Health Statistics, June 1991. Study of 17,100 children in various family structures. Children living with a mother and step-father fared worse on most indicators.

⁵ Survey by the National School Boards Association as reported in the *Washington Times*, January 1994. 77% of school administrators blame "family breakup" for violence in the schools.

*intellectual and social competence. The quality of the early father-child relationship is linked to the son's and daughter's later adjustment in adolescence and adulthood.*⁶

As fathers have been excluded from their children's lives, with the marriage rate falling and the divorce rate rising, SAT scores have fallen to all-time lows while teen births and the crime rate have exploded. The divorce rate, teen birth rate, and the crime rate each doubled between 1975 and 1990. SAT scores fell in 1975 and then dipped below 900 for the first time in 1980. They have remained at that low level.⁷ Children whose parents divorce or have never married are at high risk. Children who have significant contact with both parents, regardless of marital status, appear to be at much lower risk.

In 1992, 89,936 Texas children were affected by divorce, and there were 55,800 children born to unwed mothers with no father listed on the birth certificate.⁸ 19,507 of those unwed births were to teen-aged, unmarried mothers, mothers like those featured in the accompanying news article. 2,434 of those births were to girls aged 15 or younger. What can we expect of the children from these broken and never-formed homes:

Crime: Not surprisingly, 80% of children committed to juvenile prisons in Texas come from other than intact homes.⁹ These children are most likely to graduate to the adult prison system. Texas can now claim a prison incarceration rate second only to Washington, D.C. That is worth repeating, *Texas now has an incarceration rate 2nd only to Washington, D.C.*¹⁰ -- Prisoners who, for the most part, began their criminal careers as juveniles, the same juveniles who grew up in father-absent homes. As a direct result, Texas has embarked on one of the largest prison building campaigns in the history of this country, if not the world.

Child Abuse: Increasingly, child abuse and neglect threaten the youngest and most vulnerable of our population -- and child abuse is twice as likely to be committed by the mother than by the father (68% - 32%).¹¹ One study of inner city child abuse found that 49% of the confirmed abuse was committed by single parent mothers.¹²

Unwed births: In 1992, there were 55,903 births to unwed Texas mothers and 55,800 of those babies had no father listed on the birth certificate. 2,434 of those births were to girls aged 15 or younger.

Nationally, there were 360,645 births to unmarried teenagers in 1990 and 10,675 were to girls under age 15. Apparently because of the greater population of whites, 67% of the births to unwed teens were to white teenage girls, but minority teens were at greater risk of early parenthood. "A racial and ethnic breakout of 1990 data indicate that 57% of births to white teens, 92% of births to black teens, and 59% of births to Hispanic teens were to

⁶ *The Father Factor and the Two Parent Advantage: Reducing the Paternal Deficit*, pg. 1. Henry Biller, Ph.D., Psychology Department, University of Rhode Island. April 15, 1994.

⁷ "Index of Leading Indicators." *Washington Times*. March 16, 1994.

⁸ Texas Bureau of Vital Statistics, 1992 Annual Report.

⁹ Texas Youth Commission, Commitment Profile, fiscal years 1992 and 1993.

¹⁰ Bureau of Justice as reported in the Dallas Morning News. October 28, 1994.

¹¹ Texas Department of Protective and Regulatory Services, 1991 Status Report, page 13. September 1992. This pattern is repeated in other states.

¹² Ditson and Shay, Child Abuse and Neglect, Volume 8. 1984.

unmarried young women. . . . exposure to single parenthood increases the likelihood that a female child will become a single mother.”¹³

School: At a time when we wonder why our school systems aren't working, mainstream research has found that children reared in single-parent, divorced mother homes are twice as likely to fail a grade of school. Children living with a single-parent unwed mother are almost three times as likely to fail a grade of school. These same children are much more likely to exhibit peer conflict, antisocial behavior, hyperactivity, and headstrong behavior. As a caution to those who claim poverty is the cause of juvenile misbehavior, children reared in mother/step-father homes, homes where the income is usually higher, fare even worse than those in single-parent, divorced mother homes.¹⁴

Research has shown that children who grow up in single parent homes complete “fewer years of school than those who spent most of their lives in two-parent homes.”¹⁵

School administrators when queried about the causes of school violence, name “Family Breakdown” as the #1 cause.¹⁶

The Congressional Research Service summarized in this manner:

“One writer sums up the disadvantage faced by a child whose father does not live at home in this way:

‘It has been almost impossible to equalize opportunities between the races when a black child is more than three times as likely as a white child to live without a father ...

‘Nonetheless, the toll taken by father absence has not been limited to black American. Three-fifths of America's fatherless children are white, and the percentage of white children living without fathers has more than doubled since 1960, from 8.7% in 1960 18.2% in 1988. Father absence is growing among Hispanics as well, from 23.1% of Hispanic children in 1980 to 30.8% in 1988.’

“According to this writer, enabling children of all races to fulfill their potential may be an unattainable goal for any level of Government, given that father absence often negatively affects children's lives.”¹⁷

This overwhelming evidence points to a need for more father involvement. Unfortunately, the welfare system as defined by both federal and state government assumes that fathers will be only a pocketbook, not a parent. That attitude must change.

¹³ Congressional Research Service (CRS) Report to Congress, 93-582-EPW, “Mother-Only Families: Trends and Issues.”

¹⁴ National Center for Health Statistics, June 1991. Study of 17,100 children.

¹⁵ Congressional Research Service (CRS) Report to Congress, 93-582-EPW, “Mother-Only Families: Trends and Issues.”

¹⁶ National School Boards Association survey, January 6, 1994. Family Breakdown is cited by 77% of the administrators as the cause for school violence.

¹⁷ Nicholas Davidson, *Life Without Father* as reported in Congressional Research Service (CRS) Report to Congress, 93-582-EPW, “Mother-Only Families: Trends and Issues.”

Fatherless Children are At-Risk Children

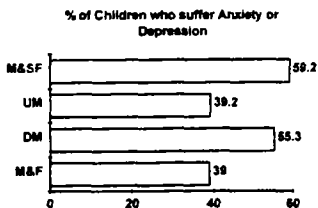
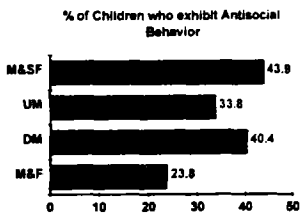
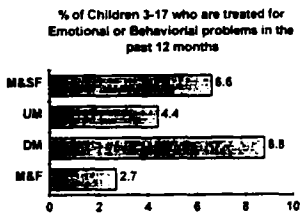
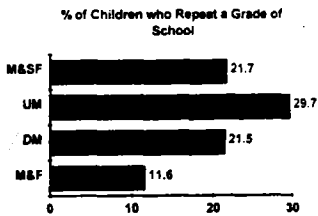
A broad study of children's adjustment in different family types (sample size 17,100) conducted by the U.S. Department of Health and Human Services, National Center for Health Statistics, found that children of divorced, separated, or remarried mothers fare much worse than children living with both parents. The study was published in 1991.

Can this be explained by economics? Remarriage, or permanent cohabitation by the mother, even with the additional income of the new partner, appears to make a bad situation even worse. Children of remarried mothers are at greater risk of depression, antisocial behavior, school failure, and other indicators of at-risk youth -- conclusive evidence that family breakup, not poverty, is the cause of social pathology in our nation's youth.

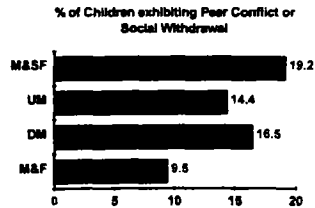
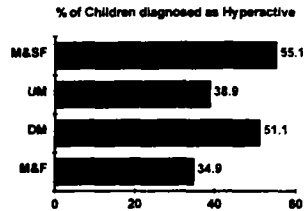
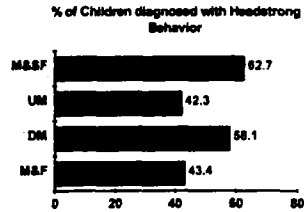
In the accompanying charts:

M&SF = Children living with a mother and stepfather
UM = Children living with an unmarried mother

DM = Children living with a divorced mother
M&F = Children living with both mother and father



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Welfare system to blame:

We believe that the present welfare system bears much of the responsibility for these shocking numbers. In 1993, there were 14,144,000 individuals enrolled in the Aid to Families With Dependent Children (AFDC) program, including 9,539,000 children. 89% of the AFDC children had no father in the home. 53% of the parents had never married (1992), in 1969 that figure was 28%. Of all caretakers, 39% were white, 37% were black, 18% Hispanic, 3% Asian, and 1% were Native American.¹⁸

We also believe that our proposal will insure that children have a father while greatly reducing the cost of delivering services to the most needy of our society. We refer the reader to the Heritage Foundation's *Backgrounder* No. 983, "Combating Family Disintegration, Crime, and Dependence: Welfare Reform and Beyond" and to Robert Rector's January 13, 1995 testimony to this sub-committee for a thorough analysis of the effects of welfare on American society.

Our proposal is based on the belief that welfare should not be a substitute for father, instead *father should be a substitute for welfare*. We ask that Congress make fathers full partners in the reform of the welfare system.

The American Fathers Coalition welfare reform proposal is added to this presentation.

Fathers: Willing, but "Driven Away" by Government Policies and Title IV-D Agencies:

As an advisor to hundreds of fathers over this past 15 years, I find men willing and able to assume full responsibility for their children -- but they are not given the chance.

How does this happen?

We use the stories of three men who called the *HOTLINE* to illustrate how government drives fathers away from their children, and how government encourages the mothers of their children to live a welfare lifestyle.

Juan, Hispanic male, calls the *HOTLINE* and sets an appointment for an interview with a counselor.

He is excited and happy to announce that his girl friend had given birth to a baby girl 9 months earlier, but sad that she does not wish to marry him. He has photos of his baby glued to the outsides of his wallet and on the covers of the folders holding the data he brings with him. He explains that he is 29 years old, is a cook at a local restaurant, and did not think he would ever have children. His girl friend has taken the child, also her first, moved in with her mother, and has applied for AFDC. She will only allow him to see the child in her presence. He wants custody of his daughter and feels ashamed that she might live in a welfare environment. "I want better for my daughter," he says with a mixture of anger and pride.

He enrolls in a parenting class as recommended by one of our counselors. He also attends free group counseling sessions, the Fathers Connection, a counseling program offered by the Men's Health Network of Washington, D.C., to talk about his child and his plans for her future. The

¹⁸ CRS Report to Congress, 94-340-EPW, "Aid to Families With Dependent Children (AFDC): A Fact Sheet.

Attorney General (AG) has entered the case to establish a financial child support award for the child. Technically, the AG can claim only to represent the child, as required by federal law, but is establishing an award for the mother and asking that the father pay, essentially establishing custody. The father cannot afford a lawyer so he prepares as best he can for the inevitable court appearance.

The outcome? A father who wants custody and would not rely on welfare is ordered to pay financial child support to a mother who is now drawing welfare. *He is allowed to "visit" the child for 6 hours every Thursday, on the recommendation of the AG.* He now attends the Fathers Connection to deal with the pain and anger he feels as a parent who is excluded from his child's life.

Fred, Black unwed father, calls the *HOTLINE* for assistance with his young son.

He, too, wishes to have custody of his baby but is being limited to a few hours "visitation" a week by the courts at the recommendation of the AG. He is a computer programmer with the state and proud of his new baby.

He breaks down during the initial interview and begins to cry when speaking of his wish to spend more time with his child, wondering why the state has sided with the mother and has limited the time he can spend with the child. The mother has quit her job and is applying for AFDC. The Title IV-D agency (AG) has filed on her behalf to collect financial child support. As with Juan, the agency has filed in the name of the mother asking that she collect financial support from the father, thereby establishing a custody arrangement.

Angelo, another Hispanic caller, has a more perplexing case.

He has a 7-year history of joint physical custody of his children from his first and only marriage. Their primary residence has been with him. His live-in girlfriend becomes pregnant (while telling him she is taking birth control pills) and moves to West Texas to live with her parents. He has a good job, owns the home he lives in, feels that he will make a better parent than her, wants to gain custody of the baby, and, if successful, is willing to allow the mother to have joint custody. He enrolls for parenting classes even though he has already raised two children.

The outcome? She applies for welfare and the Title IV-D agency (AG) enters the case on her behalf to establish a financial child support award, assuming custody to mother, and asking that Angelo be the payor. Angelo, a successful father to two other children, is only allowed once-a-month visits.

The questions these men ask us are typical:

"Why does she want to collect welfare?"

"Why won't they (Title IV-D agency) let me have my (son/daughter) and let her find a job?"

"Why does the state represent her but I have to find my own lawyer?"

"Why don't they do what is best for my child?"

Please remember those men when developing welfare policies.

Typical Title IV-D Agency Pleadings and Custody Arrangements

Note that the Title IV-D attorney has restricted this father to 4 hours a month with his child.
(Texas has statutory guidelines which will give him 1/3 of the time with his child once the child is 3 years of age.)

REF NAME: _____
CA ACCOUNT NO.: _____

IN THE INTEREST OF _____
A MINOR CHILD _____

ORDER IN SUIT AFFECTING THE PARENT-CHILD RELATIONSHIP

ON the _____ day of _____, 19____, the Court held a hearing in this cause. The Office of the Attorney General appeared by an Assistant Attorney General. _____, DRIVER'S LICENSE NUMBER _____, hereinafter referred to as "Dad", appeared in person (and by attorney _____) and agreed to the entry of these orders as evidenced by her signature. _____, although duly notified, did not appear.

WHEREFORE, the Court therefore reserves the question of paternity against _____.

IN THE JUDICIAL DISTRICT COURT OF TRAVIS COUNTY, TEXAS

SPECIAL TERMS AND CONDITIONS

Possessory Conservator shall have possession of the child from 2:00 p.m. - 4:00 p.m. each second and fourth Saturdays of each month until the child reaches three (3) years of age and the Standard Possession Order supersedes. Visitation shall be supervised by the Managing Conservator.

ASSISTANT ATTORNEY GENERAL
CHILD SUPPORT LITIGATION DIVISION

ORDER IN SUIT AFFECTING THE PARENT-CHILD RELATIONSHIP PAGE ____ OF ____

Note that the standard printed form used by the Title IV-D agency assumes "... MOTHER of the child ..." will be the parent receiving financial child support payments (and custody).

REF NAME: _____
CA ACCOUNT NO.: _____

IN THE INTEREST OF _____
A MINOR CHILD _____

ORDER ESTABLISHING THE PARENT-CHILD RELATIONSHIP

ON the _____ day of _____, 19____, the Court held a hearing in this cause. The Office of the Attorney General appeared by an Assistant Attorney General. _____, DRIVER'S LICENSE NUMBER _____, hereinafter referred to as "Dad", appeared in person (and by attorney _____) and agreed to the entry of these orders as evidenced by her signature. _____, although duly notified, did not appear.

WHEREFORE, the Court therefore reserves the question of paternity against _____.

IN THE JUDICIAL DISTRICT COURT OF TRAVIS COUNTY, TEXAS

ORDER ESTABLISHING THE PARENT-CHILD RELATIONSHIP

Page ____ of ____

Day Care Arrangement by Family Structure: Census Bureau Finds Fathers Preferred Choice as "Baby Sitters":

A recent Census Bureau, Survey of Income and Program Participation (SIPP), study provides insight into the relationship between father and child.¹⁹ The study found that fathers are the baby-sitter of choice in modern families. Over 3.2 million children under age 15 are being cared for by their fathers while the mother works, contrasting with 2.2 children in all day care centers and nursery schools.²⁰ Fathers are caring for very young children at unexpected rates. Children under age one, and those between the ages of one and two, were more likely to be cared for by father than by any other child care provider.

The study also found that government often comes between father and child. In a separate publication, the lead researcher on this project stated, "Children of never-married women are more likely to have fathers as primary child care providers than are children of divorced or separated women. ... Divorce and separation agreements restricting paternal visits or roles may be responsible for these lower rates of child care participation."²¹

Another Census Bureau study found, based on the reports of custodial mothers, that fathers with joint custody voluntarily comply with financial child support orders (90.2% according to the mothers).²²

Teen-age Mothers -- Attitudes and Solutions:

Government research has chronicled the problems associated with unwed teen births, but there appears to be some confusion about the incentives for girls to have babies, and about the solutions.²³ Just why are "babies having babies"? We use the stories of five young girls featured in the *Austin American Statesman*, girls who become pregnant and had babies because it was the "in" thing to do.²⁴ Their stories can be found on the following page.

Requiring that those young teenagers live at home will not discourage them from having babies.
Reducing or eliminating their cash benefits will not discourage them from having babies.
Requiring that they reimburse government for the benefits they receive will discourage them from having babies.

Listen to Jamie Capps,

"Out of five of us that hang around, three of my friends got pregnant after I did."

And listen to Carlisha Hill,

"I have one friend who got pregnant just because I was. Another friend, who is due this month, also felt left out. I know that's why she did it."

¹⁹ "Who's Minding the Kids?", Child Care Arrangements: Fall 1991.

²⁰ Census Bureau finds Fathers Preferred as Day Care Providers, Men's Health Network, October 1994.

²¹ Where's Papa? Fathers' Role In Child Care, Population Trends and Public Policy, September 1993.

²² Child Support and Alimony, 1989, Current Population Survey. September 1991.

²³ Families on Welfare: Sharp Rise in Never-Married Women Reflects Societal Trend, GAO/HEHS-94-92, May 1994.

Families on Welfare: Focus on Teenage Mothers Could Enhance Welfare Reform Efforts, GAO/HEHS-94-112, May 1994.

²⁴ Families on Welfare: Teenage Mothers Least Likely to Become Self-Sufficient, GAO/HEHS-94-115, May 1994.

²⁴ "Newborn Realities", *Austin American Statesman*, July 31, 1994.

Remember these girls when developing welfare policy. National research has found that 31% of the teen pregnancies are intentional and that most of the remaining teen moms describe their attitude toward the thought of becoming pregnant as "ambivalent." ²⁵ *Only a policy which requires that these teenage girls be held responsible for repaying their share of the benefits received as a result of that birth will have an impact on their decisions and on the decisions of their friends.*

NEWBORN

Austin American-Statesman

Sunday, July 31, 1994



Self photo by Lynne Deaton
Laandra Anderson, 15, is a sophomore at Johnson High School. She has a 14-month-old daughter named Deserae.



Self photo by Lynne Deaton
Adelita Herrera, 16, is a junior at Crockett High School. She is working this summer at the RBJ Health Clinic. Her daughter, Elena, is 10 months old.

Jaymie Capps remembers a girl going around Rowie High School last year boasting she was pregnant.
"She carried around a glass of water all the time and attended the pregnant teens support group," Capps says.

"Trouble is, the girl wasn't pregnant. Every time she was asked how far along she was, her due date would change. 'I guess that makes her about two years pregnant by now,' she says.

Carletha Hill has a better one. Two years ago, a sophomore who belonged to the same gospel choir also bragged about being pregnant.

"One day while at choir practice she started sneezing, and a pillow fell out of her blouse. We didn't laugh. We thought it was sick," says Hill.

Talk about peer pressure. A disturbing pattern surfaced: Once the teens got pregnant, they became the centers of attention among their peers. What's more, their close friends followed suit. They, too, became pregnant.

"I don't know what it is," says Capps. "Out of five of us that hang around, three of my friends got pregnant after I did. One of them had an abortion."

Hill says nearly everyone in her large circle of friends is pregnant or has a baby. "I know of just two girls who aren't, and I know one of them will get pregnant. I have one friend who got pregnant just because I was. Another friend, who is due this month, also felt left out. I know that's why she did it."

Laandra Anderson, who was 13 when she gave birth, says three of her friends got pregnant after she did. She says the attention she received was unbelievable. "No one seemed to know me. Then, all of a sudden everyone started talking to me. They had a baby shower for me. It felt good to be noticed. Then, I felt bad because I knew they were doing it because I was pregnant."

Adelita Herrera, too, was showered with care. "When my daughter was born the girls came around and said how pretty Elena was and how much fun a baby is."

Capps says some girls believe getting pregnant will bring them the attention they never get at home. "I remember one of the girls in my support group saying that the best thing that came out of her having a baby was all the attention she received."



Self photo by Lynne Deaton
Jaymie Capps, 16, is a junior at Bowie High School. Jaymie is attending summer school and also works at PetSmart. Daughter Cassandra is 2 months old.

REALITIES

Each new mom receives financial and/or emotional support from her baby's father.



Self photo by Lynne Deaton
Jennifer Villalva, 16, is a senior at Crockett High School. She has a 17-month-old son named Joshua.



Self photo by Lynne Deaton
Carletha Hill, 16, is a senior at Reagan High School. She has a son, Terrence, who is 8 months old.

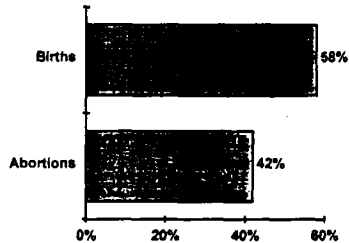
²⁵ National Conference of State Legislatures Welfare Reform Task Force, May 4, 1994. Data presented by Child Trends.

Pregnancies among Teen-age Girls

The impact of AFDC and other welfare benefits, coupled with fatherless, unstable homes, can be seen in the teen birth rates. Approximately 58% of teen-age girls who become pregnant decide to carry their baby to term. The other 42% decide to end their pregnancy by obtaining an abortion.

Until a reliable birth control pill for men/boys can be developed, the decision to become pregnant and to have a baby will continue to be the exclusive domain of the woman/girl.

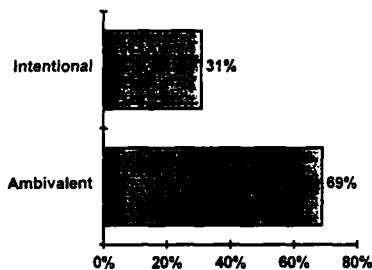
Pregnancies Carried to Term and Pregnancies Aborted



AFC
 American Fathers Coalition
 202-FATHERS - 703-255-2428
 2000 Pennsylvania Ave., N.W., Suite 148
 Washington, D.C. 20006
Texas Fathers Alliance
 512-472-DADS (3237)
 807 Brazos, Suite 315
 Austin, Texas 78701

Percentage of Births to Teen-age Mothers by Intent of Mother

31% of teen-age mothers deliberately became pregnant and carried their pregnancy to term. For the remaining 69%, the pregnancy was unintended or, apparently in most cases, they were "ambivalent" about the possibility of becoming pregnant.² Until mothers are held at least partially responsible for repaying the benefits they receive, there will continue to be no "downside" to becoming pregnant.



¹ Data presented to the National Conference of State Legislatures Welfare Reform Task Force, May 4, 1994. Child Trends, Inc.

² A study of Baltimore teens obtaining pregnancy tests found "nearly half expressed *ambivalence*, both about pregnancy and about sex and contraception. Ambivalent teens were just as likely to have a baby during the next two years as teens who unequivocally wanted a child." "Facts At A Glance", January, 1994

American Fathers Coalition Welfare Reform Proposal:

Welfare reform proposals being offered by Congress and the White House contain an unfortunate omission -- they fail to give children a father. Welfare reform cannot be accomplished unless reformers are willing to put fathers back in the home.

We have come to know two very important things about family / welfare policy:

- a) Until the person who receives the benefits bears some responsibility for reimbursing the government for those benefits, the incentive for unwed pregnancy will continue, and
- b) Until government policy allows fathers to become involved with their children, those children will continue to be at high risk for criminal behavior, teen pregnancy, and numerous other social abnormalities.²⁶

The American Fathers Coalition (AFC) has a bold new plan for welfare reform, a plan rooted in solid family research and responsive to the needs of the children born to a fatherless welfare system, a plan that will begin by cutting the welfare rolls in half. The AFC plan promises to break the cycle of poverty while filling the missing link between a normal childhood with a promising future and a dead-end childhood that promises only poverty and prison. *The AFC plan gives children a father!*

7 Steps to Welfare Reform and Healthy Children

The AFC plan gives children a father, and makes mothers and fathers both financially responsible for the children they bear. Under the present system and under all "reform" proposals, mothers collect benefits for having children out of wedlock and bear no responsibility for repaying those benefits. Put simply, mommy receives the money (and benefits), daddy is required to pay it back. Until the person who actually receives the benefits is held responsible for repaying the cost of those benefits, welfare will continue to be an incentive for having children out of wedlock. And, until children are allowed to have fathers, they will continue to be at high risk for school drop-out, delinquent behavior, and unwed, teenage parenthood.

Those points are important enough to repeat:

Until the person who actually receives the benefits is held responsible for repaying those benefits, welfare will continue to be an incentive for having children out of wedlock. And, until children are allowed to have fathers, they will continue to be at high risk for school drop-out, delinquent behavior, and unwed, teenage parenthood.

The AFC makes the following proposals:

- 1) Custody: The father should be the placement of first choice if the mother applies for AFDC. This simple change in procedure will immediately cut the AFDC rolls in half, save government 100s of millions of dollars, and provide children with solid, loving homes.²⁷

²⁶ *Facts at a Glance*, pg. 1. Child Trends, Inc., January 1994. "Teenage mothers are more likely to have daughters who have babies as teens themselves." Analysis of the data indicates that the rate is twice that of non-teen mothers.

²⁷ Estimate based on one-half of fathers obtaining custody.

Placement with the father allows the mother to finish school or to be placed in a job training program until such time as she can adequately support herself. The child should be placed in a welfare situation with the mother only if the father declines custody or proves unfit. Fathers make unusually good parents and most will gladly accept the responsibility of parenthood.²⁸

2) **Paternity establishment:** Establish a legal link between mother, father, and child at the time that paternity is established.

80% of unwed fathers visit their newborn children at the hospital.²⁹ Within a few short months, these fathers will have been driven away from their children, uninvited by the child's mother or threatened by her family or new boy friend. This first precious link between father and child must be encouraged and allowed to bloom. Forums used to establish paternity should also lay the groundwork for a custody / visitation arrangement.

The White House and the Office of Child Support Enforcement (OCSE) have received samples of a revised form that would establish a clear custody / visitation intent, thereby giving father and child a solid link. This form should be incorporated into the paternity establishment procedure.

3) **Financial Child Support:** Both parties should be held responsible for supporting the child according to their ability to earn.

Financial child support obligations should be assigned to both parties based on their ability to earn. This means that mothers who now receive AFDC-related benefits will bear some of the responsibility of repaying government for those benefits, making the AFDC / welfare lifestyle less desirable. Simply threatening to sever payments after a predetermined period of time will have little or no effect on the rate of unwed pregnancies. Such plans provide for job training or educational benefits, sending the message "have a child and gain a job."

Under the present system, the mother who fails to establish a live-in relationship with the child's father receives food stamps, subsidized housing, medical care, and cash -- and she has no responsibility to repay the money, the government looks solely to the father for repayment. Subsequently, unwed pregnancy and childbirth have become a "job" for too many women.³⁰ In 1960, only 15% of teen births occurred outside of marriage, in 1991, 69% occurred outside of marriage.³¹ More than 25% of all births are to unwed mothers.³² The failure rate among users of contraception is approximately twice as high among "poor" women as among "non-poor" women.³³

²⁸ Interviews with family counselors specializing in divorce issues indicate that unwed fathers consider maintaining contact with their children as their first concern and most would chose to have custody of their children.

²⁹ David Ross, Director, Office of Child Support Enforcement. Comments at the 1994 Children's Rights Council Conference. April 15, 1994.

³⁰ *Facts at a Glance*, pg. 2. Child Trends, Inc., January 1994. "Among never-married mothers aged 18-44 in 1992 ... 43% were neither working nor looking for work."

³¹ "Trends in Teenage Fertility", pg. 13. Child Trends, Inc., May 4, 1994.

³² "Quiet Crisis Affects Millions of Our Youngest Children." Carnegie Corporation. April 12, 1994.

³³ "Trends in Teenage Fertility", pg. 26. Child Trends, Inc., May 4, 1994.

Teenage pregnancy rates reflect this trend. Data compiled by Child Trends, Inc. indicate that 18% of teen pregnancies resulted from a decision by the mother to become pregnant, 40% resulted from the mothers' ambivalence toward pregnancy, and 42% of teen pregnancies were terminated (abortion).^{34 35}

Requiring that the mother accept responsibility for repayment of government benefits will discourage out-of-wedlock births and welfare dependency.

4) **Accountability:** Recipients of AFDC benefits should face some form of accountability for how those benefits are spent.

AFDC benefits should accrue to the benefit of the children, as should financial child support payments. Some form of accountability is required for all other government third-party payments (social security payments for third parties, foster care payments, etc.). Complaints are often heard of mothers using AFDC payments to purchase crack or alcohol while her relatives care for the children.

Accountability might be accomplished by filing a simple form at year-end outlining how the monies were spent, or receipts might be retained for a specified period as is required of business expenses by the IRS.

5) **Incentives for payment of financial child support:** States should be required to implement custody and visitation presumptions that are proven methods of encouraging voluntary compliance with financial child support laws.

Mothers report in census data that fathers who have joint custody pay financial child support at rates exceeding 90%. Fathers who have "visitation" orders pay at rates approaching 80%.³⁶ States operating Federal Access Grants have found a significant increase in voluntary compliance with financial child support orders when "visitation" is awarded and enforced.³⁷

States should be encouraged to award joint custody and provide strong enforcement of visitation in AFDC cases.

6) **Inability to pay financial child support:** Due to unemployment or underemployment, many obligors fall behind in financial child support payments.

³⁴ *Facts at a Glance*, pg. 2. Child Trends, Inc., January 1994. "Ambivalent teens were just a likely to have a baby during the next two years as teens who unequivocally wanted a child."

³⁵ "Trends in Childrearing and Implications for Reform", State-Federal Assembly, National Conference on State Legislatures. Presentation by Child Trends, Inc., May 4, 1994.

³⁶ *Child Support and Alimony*, pg. 7. Bureau of the Census, Series P-60, No. 173. September, 1991. "A higher percentage of fathers with joint custody pay the [financial] child support due (90.2 percent) than fathers who have visitation privileges (79.1 percent) and those without visitation or joint custody provisions (44.5 percent)."

³⁷ See February 4, 1994 letter: Dick Woods (Director of the Iowa Access Grant) to Congressman William D. Ford.

Census data, based on mother self-reporting, indicates that 66% of obligors who have been ordered to pay financial support and who fail to do so simply cannot pay.³⁸ Giving those obligors preference at employment agencies enhances the possibility that they will resume support payments. A system of prioritizing should also include any person who is the sole support of a family. Language might read as follows:

The (state employment) Commission shall assign priorities based on the needs of the family of the individual seeking employment. Individuals with children to support in families where no one else is employed full time and individuals who have a financial child support obligation shall be of first priority. The purpose of the priority system is to provide jobs for families with children.

7) **Financial child support -- poorly trained and uneducated parents:** Job training and skills enhancement programs should be provided to parents who are unable to meet their financial child support obligations. These parents should be required to reimburse government for the cost of their training.

A study by the Institute for Research on Poverty at the University of Wisconsin-Madison found that "dead-beat dads" were really impoverished dads. In their comprehensive study, they found that "... 52% of the nonpaying fathers had incomes of less than \$6,155 per year ..."³⁹

The Parents Fair Share Program, a federally funded pilot program operated in 9 states, has achieved 90% compliance with financial child support orders by providing education and retraining for unemployed and underemployed obligors whose children are receiving AFDC benefits. Participants are also enrolled in peer support groups to assist them with the development of parenting skills while assuring that they remain involved with their children. The cost is \$1,400 per participant.

The *Washington Post* reported, "The two-year project demolished some stereotypes attached to parents who are delinquent in child support."⁴⁰ Testimony before the House Ways and Means Committee further illustrates the desire for fathers to be involved with and to help support their children:

*... The PFS pilot experience ... lays bare several sobering realities about the potential of 'enforcement only' strategies for increasing (financial) child support collections from the parents of AFDC children. ... The hard truth is that many noncustodial parents do not pay because they have no income. Before they can pay, they need jobs.*⁴¹

This American Fathers Coalition Welfare Reform Program gives the child a father while discouraging unwed pregnancy and encouraging family formation. The American Fathers Coalition plan takes a giant step toward breaking the cycle of poverty and providing children a stable environment that discourages delinquent behavior and encourages personal responsibility, academic achievement, and social competence.

The AFC Welfare Reform Program gives the child a father, a family, and a future!

³⁸ GAO/HRD-92-39FS. *Mothers Report Receiving ...*, pp 19-20. January, 1992.

³⁹ *Dallas Morning News*, pg. 5. April 26, 1993.

⁴⁰ *Washington Post*. February 11, 1994.

⁴¹ Gordon Berlin, Senior VP, Manpower Demonstration Research Corporation. Subcommittee on Human Resources, House Ways and Means Committee. March 15, 1994.

Schools fight losing battle against student mayhem

By Robert Self
Washington Post Staff Writer

LINKING
Share and Share Alike
The White House hears a plea for gender neutral parenting
By Susan McClure

Dear Dads: Save Your Sons
REVENUES DECEMBER 1, 1993

CAUSES OF SCHOOL VIOLENCE

CAUSE	PERCENTAGE
Family violence	25%
Peer violence	20%
Media violence	15%
Substance abuse	10%
Learning disabilities	5%
Physical disabilities	5%
Emotional disabilities	5%
Other	20%

Where are the parents of today's youth?

Linking social ills and absent fathers
The Washington Post
January 10, 1994



Shoved-Aside Fathers
William Raspberry
January 10, 1994
The Washington Post

Quayle: Right on the Family
David S. Broder
The Washington Post
January 10, 1994

We hurt children when we treat their fathers as cash cows
The Washington Times
MONDAY, JANUARY 3, 1994

Teen pregnancy: Everyone pays

RUDY MANN

Build Families, Not Prisons

Fathers HOTLINE
512-472-DADS

Violence is blamed on family breakup
The Washington Times

MONDAY, SEPTEMBER 20, 1993

Criminal Advice
William Raspberry
The Washington Post
January 10, 1994

Special report

absent father
The crisis of the

A quarter of U.S. children have little or no contact with their dads, and the social and emotional consequences are devastating.

We must put children first, and do it now
Richard Louv

THE SAN DIEGO UNION-TRIBUNE
Wednesday, December 23, 1993

SUZANNE FIELDS

A vacuum that technology can't fix

Cisneros is right — boys need men

Mr. ENSIGN. Thank you.

Mr. Epstein.

**STATEMENT OF MARK S. EPSTEIN, PRESIDENT, PUBLIC VOICE
FOR FOOD AND HEALTH POLICY**

Mr. EPSTEIN. Thank you, Mr. Chairman. I am Mark Epstein, president of Public Voice for Food and Health Policy. It is an honor to appear before the Subcommittee to discuss welfare reform and the Federal nutrition programs.

Public Voice is a 13-year-old public interest organization that focuses on the full spectrum of food issues, ranging from how food is grown to the access of all Americans to an affordable and healthy food supply.

Public Voice takes a special interest in the Agriculture Department's nutrition programs, including WIC, food stamps, and especially the National School Lunch Program. Together these programs assist many of the youngest, poorest, and most vulnerable Americans, and we feel that these programs have been uniquely successful, valuable and cost effective.

The importance of diet and health and in the development of our children is indisputable. Over 300,000 deaths a year from heart disease, cancer, and other illnesses are linked to diet.

Low-income families are especially vulnerable. Since the expansion of food stamps and the introduction of WIC, however, the gap between the diets of low-income families and the rest of us has narrowed. The results are unmistakable.

Stunting among preschoolers has decreased nearly 65 percent. The incidence of low birth rate has fallen, as has anemia among low-income preschoolers in most ages and ethnic groups.

Given these facts, Public Voice cannot understand why anyone would support the nutrition block grant provisions of the Personal Responsibility Act as they currently exist. They would rip a gaping hole in our low-income safety net, assign the repair job to the States, and not give the financial string to perform the task.

Under this legislation, responsibility for 10 major Federal nutrition programs would be shifted to the States without adequate funds to continue them at their current levels.

Yesterday at another hearing, the National School Board Association testified that funding would be cut 17 percent overall with even higher cuts in some States.

What have been Federal entitlement programs guaranteeing access for the most needy Americans during the most difficult of times, such as a recession, would become State discretionary programs.

Federal funding for food and nutrition assistance would fall by more than \$5 billion in 1996 and nearly \$31 billion over the next 5 years.

States would need to invest time and money in crafting individual programs to replace the programs consolidated into block grants.

In the case of the School Lunch Program, Federal safeguards ensuring the nutritional integrity of meals would be abolished. States would have to develop nutritional standards on their own, and they may choose to have no nutritional standards at all.

The Personal Responsibility Act cuts would be three times as great as those made in the School Lunch Program in 1981 when over 2,000 schools dropped from the program.

Students in schools that retain the program could see meal prices increase as much as 50 percent. Schools that decide to subsidize meals may have to sacrifice core academic programs to pay for meals.

In a report issued 2 weeks ago, the Agriculture Department found that this legislation also would lower food sales, weaken the farm economy, and increase unemployment.

I am sure I am repeating many things you have heard from other witnesses, so let me say this instead.

In Public Voice's view, the Personal Responsibility Act is not responsible, and its effect is far too personal on those who can afford it the least. It is a legislative assault on the chances poor children have for obtaining maximum physical and intellectual development.

At the same time, Public Voice understands the need to reduce the cost of government and use tax dollars more efficiently. We think there is a far better place to look for the cuts, and we think it exists right in the Agriculture Department's own budget.

For instance, the Food Stamps Program serves more than 27 million people for about \$27 billion annually. That is about \$1,000 per recipient.

The Special Supplemental Nutrition Program for Women, Infants and Children helps about 7 million at an annual cost of about \$3 billion. That is less than \$500 per recipient.

These are costs that are pretty minor when you look at the total. But when we get to other programs, the farm commodity programs, for instance, they cost roughly \$10 billion a year and serve less than 1 million farmers. That is an average of \$10,000 per farmer, compared with the \$200 to \$1,000 year spent on beneficiaries of the nutrition programs.

Since 1990, income support payments to farmers have cost taxpayers more than \$50 billion, while encouraging practices that increase the use of pesticides. And despite the huge flow of cash, these commodity programs have failed to stanch the exodus of family farmers from agriculture.

Increasingly, price and income supports flow where they are least needed—to the large, wealthy producers and companies that dominate today's farm landscape.

Mr. Chairman, radical reform is needed in the Agriculture Department. It is just that I do not think that it's needed in the nutrition section.

Substantial improvements and savings are achievable if the farm commodity programs are targeted toward protecting the environment and small- and mid-sized family farmers.

Public Voice—

Mr. ENSIGN. Mr. Epstein, the rest of your statement will be included in the record. Thank you.

Mr. EPSTEIN. Thank you very much.

[The prepared statement follows:]

**TESTIMONY OF MARK S. EPSTEIN
PUBLIC VOICE FOR FOOD AND HEALTH POLICY**

Thank you Mr. Chairman. I'm Mark Epstein, president of Public Voice for Food and Health Policy. It's an honor to appear before the committee to discuss the Personal Responsibility Act.

Public Voice is a 13-year-old public interest group that focuses on the full spectrum of food system issues, ranging from how food is grown to the access of all Americans to an affordable and healthy food supply. Public Voice takes a special interest in the Agriculture Department's nutrition programs, including WIC, food stamps and, especially, the National School Lunch Program.

Together, these programs assist many of the youngest, poorest and most vulnerable Americans. And we feel the programs are uniquely successful, valuable and cost effective.

The importance of diet in health, and in the development of our children, is indisputable. Over 300,000 deaths a year from heart disease, cancer, and other illnesses are linked to diet. Low-income families are especially vulnerable. Since the expansion of food stamps and the introduction of WIC, however, the gap between the diets of low-income families and the rest of us has narrowed.

Given these facts, Public Voice can't understand why anyone would support the nutrition block grant provisions of the Personal Responsibility Act as they currently exist. They would rip a gaping hole in our low-income safety net, assign the repair job to the states, and not give them the financial string to perform the task. Under this legislation:

- Responsibility for 10 major federal nutrition programs would be shifted to the states *without* adequate funds to continue them at their current levels. Yesterday, at another

hearing, the National School Board Association testified that funding would be cut 17 percent overall, with even higher cuts in some states.

- What have been federal entitlement programs guaranteeing access for the most needy Americans during the most difficult of times, such as recession, would become state discretionary programs.
- Federal funding for food and nutrition assistance would fall by more than \$5 billion in 1996 and nearly \$31 billion over the next five years.
- States would need to invest time and money in crafting individual programs to replace the programs consolidated into block grants.
- In the case of the school lunch program, federal safeguards ensuring the nutritional integrity of meals would be abolished. States would have to develop nutritional standards on their own, or may choose to have no nutritional standards at all.
- The Personal Responsibility Act cuts would be three times as great as those made in the school lunch program in 1981, when 2,000 schools dropped the program. Students in schools that retain the program could see meal prices increase 50 percent. Schools that decide to subsidize meals may have to sacrifice core academic program to pay for meals.

In a report issued two weeks ago, the Agriculture Department found that this legislation also would lower food sales, weaken the farm economy, and increase unemployment.

I'm sure I'm repeating things you've heard from other witnesses. So let me say instead: In Public Voice's view, the Personal Responsibility Act is hardly responsible, and

it's impact on the public—especially poor children—would be way too personal. It's a legislative assault on the chances poor children have for attaining maximum physical and intellectual development.

At the same time, Public Voice understands the need to reduce the cost of government and use tax dollars more efficiently. We simply think there is a far better place to look for cuts than in the nutrition programs—and it's right in the Agriculture Department's own budget. Consider the following:

- The Food Stamp Program serves more than 27 million people for about \$27 billion annually. That's about \$1,000 per recipient.
- The Special Supplemental Nutrition Program for Women, Infants and Children helps about seven million people at an annual cost of about \$3 billion. That's less than \$500 per recipient. And research shows that WIC actually *saves* money by improving health and reducing federal health care costs.
- The school lunch program feeds 25 million children at a cost of less than \$5 billion per year. That's only \$200 per student. And, through requirements that school meals meet the U.S. Dietary Guidelines, the school lunch program is about to make the most significant progress in years toward improving the nutritional quality of school meals.

The farm commodity programs on the other hand, cost roughly \$10 billion per year and serve less than a million farmers. That's an average of \$10,000 per farmer, compared with the \$200 to \$1,000 a year spent on beneficiaries of the nutrition programs.

Since 1990, *income* support payments to farmers have cost taxpayers more than \$50 billion,

while encouraging practices that rely on greater pesticide use.

And despite the huge flow of cash, these commodity programs have failed to stanch the exodus of family farmers from agriculture. Increasingly, price and income supports flow where they are least needed—to the large, wealthy, producers and companies that dominate today's farm landscape.

Mr. Chairman, radical reform is needed in the Agriculture Department budget—but not in the nutrition programs. Substantial improvements and savings are achievable if the farm commodity programs are targeted toward protecting the environment and small- and mid-sized family farmers. Public Voice urges committee members to consider reducing the waste, inefficiency and fundamental unfairness of the farm programs before decimating nutrition programs that help those who will someday be the backbone of our workforce. Thank you.

Mr. ENSIGN. Mr. Harris.

STATEMENT OF KIRK E. HARRIS, PUBLIC POLICY CONSULTANT, PATERNAL INVOLVEMENT DEMONSTRATION PROJECT, CHICAGO, ILLINOIS, APPEARING ON BEHALF OF DAVID PATE, EXECUTIVE DIRECTOR

Mr. HARRIS. Yes. I appreciate the opportunity to speak to the Subcommittee this afternoon. I am Dr. Kirk Harris. I am the public policy consultant to the Paternal Demonstration Project, which is a project that deals with noncustodial minority fathers, typically black fathers, who are seeking to better establish relationships with their children.

I would like to just point out that David Pate, the executive director, wanted to be here, but due to some family crisis was unable to attend.

I wanted to cover a few points today about our project experience. First, I wanted to say that our project really seeks to improve the Federal and State public policies, so that they better support, rather than discourage, fathers' efforts to be involved with their children.

Moreover, I think it is really important to note that this project is really about securing the future of children.

The project operates in three community-based sites throughout Chicago, and those sites provide numerous services from job skills to education to parenting with the notion that this mix of services is critical to support the matriculation of that particular father to a level of success, so that they can actually effectively connect with their children.

The Paternal Involvement Demonstration has over the last year and half participated aggressively in the discussion of welfare reform nationally and in Illinois. I think our program experiences to date have suggested that noncustodial fathers should, particularly in the context of welfare reform, be supported to play a more meaningful role in the lives of their children. The thrust being to create opportunities for low-income fathers to provide long-term economic and emotional support to their children.

My testimony today basically wants to highlight a number of issues, and let me just quickly go through them.

First, I would like to say that the men that are in our project come from a number of legal situations. They could have been married and divorced; they could have never been married; they could be seeking some kind of paternity scenario. I say this to suggest that we really have had an opportunity to be exposed to a large array of men in various kinds of scenarios where they are not immediately living in the household with their children.

What that has taught us is that we have really gained valuable insight into this unique population of men. We refute the public perception about the deadbeat dad with regard to the lack of desire to provide some support and some kind of nurturing to children. Our experience has been that our men are anxious to fill that role, but they need support in doing so.

I would like to point out that these fathers are not suggesting that the mothers are doing a bad job, but arguing that it is important to have two parents, given the complexity of the world today,

both parents are important to provide the kind of support that children need.

And moreover, this is not a project that focuses on the male child. This is a project that functions on the whole parenting ideal—every child is important!

Welfare reform should give low-income noncustodial fathers real access to welfare, to work programs, which is really not happening. We argue that much of the disconnect that is occurring between these fathers and their children is a function of the role that men still play in the society with regards to being providers for their children.

Because many of these men are economically marginalized, it is really important to be able to provide them with some resources in the form of health care, in the form of job readiness, in the form of stipends to support them for educational programs, that will allow them to make that leap to success that will ultimately lead to providing support for their children, which many, we have discovered, really want to do, but cannot do because of their marginal circumstances.

So what we would argue, then, is that welfare reform really needs to think more broadly about the role of men in contouring opportunities for families, with particular attention being paid to low-income minority men. If we can move beyond the stereotypes of these men being unconcerned and ill prepared to be parents, I think we can move into a welfare reform scenario that will truly provide the kind of mobility for them and their children that we want to see.

And I think—I guess my time is just about up, so thank you.

[The prepared statement of Mr. Pate follows:]

SUBCOMMITTEE ON HUMAN RESOURCES
 COMMITTEE ON WAYS AND MEANS
 UNITED STATES HOUSE OF REPRESENTATIVES

STATEMENT OF DAVID PATE
 ON BEHALF OF THE PATERNAL INVOLVEMENT DEMONSTRATION PROJECT

The Paternal Involvement Demonstration Project is a public-private venture¹ that seeks to help non-custodial fathers of children on welfare become more involved financially and emotionally with their children. The project seeks to demonstrate effective ways to assist these fathers secure employment so they can help support their children and become actively involved in their children's lives.

The project also seeks to improve federal and state public policies so that they will support, rather than discourage, fathers' efforts to be involved with their children.

The project operates in three community-based agencies in Chicago. These three sites are testing ways of reaching out to help fathers connect with the labor market and with their children. Each of the three agencies provides a unique mix of education, jobs, health, parenting, and case-management services to project participants. The project participants are minority (mainly African-American) men, aged 18-35, who have very low income, have children on welfare, and want to be more involved fathers.

The Project is being evaluated by the Center for Urban and Economic Development at the University of Illinois to provide insight into how to construct better interventions that support low income fathers in their efforts to become more involved with their children.

The Paternal Involvement Demonstration Project has participated in the discussions on welfare and child support enforcement reform over the last two years both nationally and in Illinois. In all these discussions we have spoken about the importance of considering not only the responsibilities but also the needs of low-income, non-custodial fathers of AFDC children in any welfare reform discussions, because unless those needs are met, many low-income fathers may never be able to be effective nurturers and providers of long-term economic and emotional support for their children.

In testifying today, the Paternal Involvement Demonstration Project wants to discuss several issues that we believe Congress needs to address as it makes decisions about how to reform the welfare system. But, as a preface to my substantive comments, I ask you to note two points, which clarify my testimony:

First, fathers in the project have a wide range of possible legal situations with regard to their children--some are married to but separated from the child's mother; other are divorced from the child's mother; many never married the child's mother, but have had the father-child relationship established under the Illinois Parentage Act, either at the hospital at the time of the child's birth or later through a court proceeding; and others have not yet

¹ The project receives grants from the Arle and Ida Crown memorial, the Chicago Tribune Foundation, The Field Foundation of Illinois, Inc., the Illinois Department of Public Aid, the Illinois Department of Children and Family Services, the John D. and Catherine T. MacArthur Foundation, the Lloyd A. Fry Foundation, Marshal Field's, the Polk Bros. Foundation, the Prince Charitable Trust, United Way of Chicago, and the Woods Fund of Chicago.

established a legal relationship with their child, but they are following through on the legal process to do so. All are men who voluntarily participate in the Paternal Involvement Demonstration Project because they want to be better fathers who can support their children both financially and emotionally. I point this out because of what I believe is the danger of basing public policy on stereotypes rather than reality. The stereotype is that low-income, minority men desire to be estranged from their children. Our experience is that the men in the project are very involved or are striving to be very involved with their children.

Second, please note, too, who these fathers are not.

* They are not fathers who think their children's mothers are doing a bad job and who want to take custody from those mothers. Rather, by and large, the fathers in the Paternal Involvement Demonstration Project think the mothers are doing a remarkably good job, given the difficulties they face because of their poverty.

* They are not fathers who are interested primarily in their sons and only secondarily in their daughters. They believe that fathers play equally important roles in the lives of both their sons and their daughters. The Project is really built on the notion of "whole parenting."

Based on the experience of the Paternal Involvement Demonstration Project, we strongly recommend that Congress include the following reforms in its welfare reform efforts:

1. Welfare reform should give low-income, non-custodial fathers of children on welfare access to the welfare-to-work programs and some other services available to the mothers. A non-custodial father who can regularly pay child support for his children is, in many cases, essential to the child's getting off and staying off welfare. We specifically suggest the following:

- a. Allow low-income, non-custodial fathers of AFDC children to volunteer for the education and training programs offered by state welfare programs (these currently are called "JOBS" programs, that is, Job Opportunity and Basic Skills programs under the Family Support Act) and to receive the same types of supportive services (transportation allowances, book and equipment allowances, etc.) that JOBS provides for mothers.²

We make this suggestion because many low-income fathers of welfare children have the same barriers to getting and keeping jobs as do the mothers--no high school diplomas, no marketable job skills, little or no job experience. To get jobs, these men need the same kinds of opportunities and supportive services JOBS offers to mothers.

- b. Pay a monthly stipend, perhaps equal to the state's adult-only AFDC grant, to low-income fathers volunteer to participate in JOBS.

We make this suggestion because many fathers of AFDC children are not just low-income fathers, they are no-income fathers. For example, Illinois eliminated its General Assistance program in 1992, leaving over 71,000 single adults, many of whom were non-custodial fathers of AFDC children, with no income. These men now rely on homeless shelters and handouts from friends and relatives to get by. With no income, it is very difficult for them to take advantage of education and training opportunities and to look for jobs.

² In Illinois, JOBS services are available to Paternal Involvement Demonstration Project participants through a waiver granted by the U.S. Department of Health and Human Services to the Illinois Department of Public Aid.

c. Extend medicaid eligibility to low-income fathers of AFDC children who are participating in JOBS.

We make this suggestion based on the experience of Paternal Involvement Demonstration Project participants. Many of the participants need health care in order to be well enough to seek employment or participate in job training programs. While the project can arrange for some medical services for participants--job-related physical exams and eyeglasses--those services do not cover the men's medical needs. In Illinois there is no publicly supported medical program for low-income adults who do not qualify for the state's limited Transitional Assistance program. Lack of medical care can have tragic results. This past spring a project participant--a man who had established paternity, was paying child support from his low-wage job, and was involved with his child--died of asthma because he could not afford medical care and maintenance medication.

2. Welfare reform should provide funds to the state IV-D programs (the child support enforcement programs) so those programs can offer mediation, counseling, and parenting education services to parents involved in the IV-D child support process.

We make this suggestion because the current IV-D process focuses entirely on getting child support. It ignores the issues of custody and visitation that frequently follow the establishment of parentage and/or the setting of support orders. The IV-D attorneys are, by law, involved only in the child support issues, so the parents are unrepresented on custody and visitation. There is massive misunderstanding about the rights and responsibilities of parents who are involved in the IV-D program. Mediation and counseling could clear up the misunderstandings and assist parents work out visitation and custody arrangements that are good for the children. Parenting education would assist the parents understand, for example, the importance of not using the children as pawns in their disputes, of not criticizing the other parent to the children, of following through on promises to visit, and that the time a parent spends reading, playing ball, or taking a bus ride with his child is as valuable to a child as is a costly shopping trip.

3. Welfare reform should make the paternity establishment and child support enforcement system more accessible to fathers. Specifically, we suggest the following:

a. The IV-D statute should be amended to make it absolutely clear that the IV-D agencies must assist men establish paternity when men apply for services.

In Illinois, until the Paternal Involvement Demonstration Project pressed this issue with the state IV-D agency last year, that agency refused to assist men initiate the paternity establishment process because it believed that federal law precluded it from doing so. In fact, current federal law requires that states assist both fathers and mothers, but clarifying language may help other states recognize their responsibilities.

b. The IV-D agencies should be required to inform responsible relatives of the need to seek modifications or abatements of support obligations if their ability to support decreases, for example, they lose their job.

From the project's experience, we know that responsible relatives, usually fathers, frequently have no idea that they need to take formal action to stop the child support meter from running after they become unemployed. These fathers think that if they tell the mothers they lost their job or apply for welfare (usually food stamps) themselves, the welfare department/IV-D agency will know they can't pay support as ordered and suspend the obligation. But the law is not so lenient, and large arrearages accumulate. In the

project we have seen that the accumulation of large arrearages of unpaid child support causes frustration and fear which add another barrier to fathers' involvement with their children.

Please note that this is a very modest suggestion. We are not saying that the child support obligation automatically evaporates when a non-custodial parents circumstances change for the worse so he cannot pay the amount required. We are simply suggesting that the child support enforcement system adequately inform the non-custodial parent that he need to seek a modification or abatement of his child support obligation if his circumstances change for the worse.

Also, please note that we are not suggesting that non-custodial parents be given a complete pass on child support obligations when they are unemployed. We are not. We think it is perfectly appropriate for the courts to require such parents to take a range of steps to put themselves in a position to pay child support--search for jobs, enroll in training programs that will lead to jobs, report to the court on their efforts, report to the court when they become employed. But we are suggesting that fathers be informed of how the child support system should work and that they need to take action to stop the child support meter from running when, through no fault of their own, they have no income out of which to pay child support.

4. Welfare reform should allow child support payments to AFDC children make a real difference in those children's lives. The amount passed through to the AFDC family should be at least \$100 per child, not the \$50 per family that it is now.

5. Welfare reform should eliminate entirely the restrictions present in the current law that make many low-income, two parent families ineligible for AFDC (the 100 hour rule and the connection with work force rule).

We believe these eligibility rules have had the perverse effect of forcing poor fathers to leave their families so the families could obtain assistance on which to live and contributed to the marginalization of fathers in poor communities. Illinois, under a recent waiver from HHS, now provides benefits to two parent families. We urge Congress to make such assistance national policy.

6. Welfare reform should not impose time limits that could lead to any welfare family's losing its financial assistance as long as it is cooperating with the welfare agency's requirements. Poor families need varying amounts of time to become self-sufficient, and many families will make several attempts before they become permanently independent of welfare. Many Paternal Involvement Demonstration Project participants have held jobs, then lost their jobs and had no income, and so became homeless. They know the psychological and physical toll homelessness takes, and they don't want their children to experience it. This country should do nothing in the name of "welfare reform" and "ending welfare as we know it" that would push its poor children into homelessness.

7. Welfare reform should not deny financial assistance to poor children whose parents were not married at the time of their birth or whose paternity has not been established.

We understand that this subcommittee has heard from many witnesses on the topic of out of wedlock childbearing and the relationship, if any, between births to unwed parents and the availability of welfare benefits. We wish to add our voices to those who have told this sub-committee that unwed childbearing is an extremely complex issue and have counseled the sub-committee against harsh treatment of children born to unmarried parents. And, we wish to make two very important, yet practical, points:

First, we believe that neither the federal government nor the states can deny financial assistance to poor children whose parents were not married at the time of the children's birth without violating the equal protection requirements of the United States Constitution. Under existing United States Supreme Court precedents, discrimination against children of unmarried parents is unconstitutional.

Second, we believe that neither the federal government nor the states can deny financial assistance to poor children whose paternity has not been established because, as stated above, the Constitution prohibits such discrimination. Additionally, the state IV-D agencies, which are charged with establishing paternity for children who seek welfare benefits, have huge caseloads and move slowly. Poor children should not be denied desperately needed aid due to these agencies' delays.

8. Finally, we suggest that Congress look at the big picture as it considers welfare reform. By the big picture, we mean the very complex relationships among the changing labor market, the Federal Reserve Board's need to have a certain percentage of the population unemployed in order to control inflation, the harshness of minimum wage, no benefits, no job security jobs, the reality of discrimination in hiring and employment, the failure of many school systems to prepare our young people for today's and tomorrow's job markets, and the growing global economy. We respectfully suggest that, from our perspective, it surely seems that this country needs either to adopt policies that lead to a true "full employment" economy or to face up to the fact that there will always be some unemployment. If we chose the latter, then Congress should restructure the "welfare" system into an "unemployment" system, that is, one in which adults, in general, are expected to work. But when work is not available--because they have been laid off due to seasonal shifts, because they don't have the needed job skills, because of a recession in their state or region--they can obtain financial assistance that will support them and their dependents until they obtain jobs and, if needed, additional training to enable them to work.

Thank you for the opportunity to offer suggestions on behalf of the Paternal Involvement Demonstration Project to this sub-committee as it considers welfare reform.

Mr. ENSIGN. Thank you, Mr. Harris.
Mr. Simmons.

**STATEMENT OF SAMUEL J. SIMMONS, PRESIDENT AND CHIEF
EXECUTIVE OFFICER, NATIONAL CAUCUS AND CENTER ON
BLACK AGED, INC.**

Mr. SIMMONS. Yes, Mr. Ensign and Congressman Ford, the National Caucus and Center on Black Aged appreciate the opportunity to testify at this hearing today.

I have a statement that is much longer than 5 minutes, and I have submitted that for the record.

All that I would like to do in view of the fact that there are a lot of points that have been made over and over again, I would just like to highlight one point in particular. At the outset, NCCBA wishes to reaffirm its support for SSI because it is an essential, effective, and moral imperative safety net program that works for the aged, blind, and disabled. SSI is certainly not a perfect program.

NCCBA believes there are many aspects that need improvement, including enforcement of SSI's stringent rules. However, the SSI Program is, in our view, infinitely superior to the former State administrative programs of old age assistance, aid to the blind, and aid to the permanently and totally disabled. Therefore, NCCBA urges this Subcommittee to keep SSI as a freestanding safety net program. We believe that it would be a serious mistake to turn the clock back to the dark days when States administered cash assistance programs for low-income, aged, blind, and disabled persons. Quite frankly, the States had their chance and squandered it.

The evidence was clear when Congress enacted SSI in 1972 that States simply did not have the capability to administer cash assistance programs for aged, blind, and disabled persons in an effective and efficient manner. Nothing has changed, in our view, to provide compelling evidence that States now have the capacity to assume this complex and difficult task.

NCCBA realizes that the Social Security Administration has had problems in administering SSI. However, Social Security's performance, in our view, has been superior to State administered cash assistance programs.

Administrative costs of the Social Security Administration are much lower for States administering assistance programs. For example, the Social Security administrative costs represent about 1.5 percent of outlays for Social Security and SSI combined. We have been informed by the Social Security Administration that this is far below administrative costs for State administered net programs. Consequently, NCCBA opposes proposals to consolidate SSI with other programs or to block grant SSI to the States.

Past history clearly shows that low-income older Americans, especially minorities, fare poorly in block grant programs because they are not as visible and as outspoken as other clients. This is one of the key reasons that Congress has enacted categorical legislation to assure that programs appropriately address the needs of low-income persons.

These programs have often been among the premier programs. Moreover, the disadvantaged and deserving low-income blind and disabled individuals should not be denied safety net benefits be-

cause some State or local official administering a block grant program believes that it is more politically expedient to serve other visible groups other than poor persons. NCCBA believes that the Federal floor under the programs of the aged, blind, and disabled is absolutely necessary to assure minimal decent standards for low-income, blind, and disabled persons, whether they are in Mississippi, Arkansas, Florida, California, or New York.

State governments should also be concerned about transferring or block granting SSI to the States, especially if caps are imposed. If the annual appropriations would be insufficient, States would find it necessary to reduce benefits, delay the payment of benefits, eliminate certain categories of beneficiaries, or place applicants on waiting lists.

States could cover their costs through higher taxes. States electing to do so would not escape without added costs. They probably would have to absorb higher costs for foster care, institutionalization, a growing homeless population, and general or emergency assistance programs. Almost everyone dropped from SSI or granted benefits would lose Medicaid coverage. However, many aged or disabled former SSI recipients would still need medical care. Then States would be forced to either pick up the significant portion of this added cost or process, a part of these costs, to local governments.

Mr. ENSIGN. Mr. Simmons, could you just wrap it up real quick? You are at the end of your time.

Mr. SIMMONS. Yes. NCCBA really feels that SSI is a very important program, and we feel that it is not totally broken. It does not really need to be fixed. It needs to be improved.

Thank you very much.

[The prepared statement follows:]

**TESTIMONY OF SAMUEL J. SIMMONS
NATIONAL CAUCUS AND CENTER ON BLACK AGED, INC.**

Congressman Shaw, Congressman Ford, and Members of the Subcommittee on Human Resources, the National Caucus and Center on Black Aged appreciates the opportunity to testify at this hearing.

At the outset, NCBA wishes to reaffirm its support for SSI because it is an essential, effective, and morally imperative safety net program that works for the aged, blind, and disabled. SSI is certainly not a perfect program. NCBA believes there are many aspects that need improvement, including enforcement of SSI's stringent rules. However, the present SSI program is, in our view, infinitely superior to the former state-administered programs of Old Age Assistance, Aid to the Blind, and Aid to the Permanently and Totally Disabled.

A. Keep SSI as a Freestanding Program

Therefore, NCBA urges this Subcommittee to keep SSI as a freestanding safety net program. We believe that it would be a serious mistake to turn the clock back to the dark days when states administered cash assistance programs for low-income aged, blind, and disabled persons. Quite frankly, the states had their chance and squandered it. The evidence was very clear when Congress enacted SSI in 1972 that states simply did not have the capability to administer cash assistance programs for aged, blind, and disabled persons in an effective and efficient manner. Nothing has changed, in our view, to provide compelling evidence that states now have the capacity to assume this complex and difficult task.

NCBA realizes that the Social Security Administration has had some problems in administering SSI. However, the Social Security Administration's performance, in our view, has been superior to the state-administered cash assistance programs. Administrative costs for the Social Security Administration are much lower than for states administering assistance programs. For example, the Social Security Administration's administrative costs represent about 1.5 percent of outlays for Social Security and SSI combined. We have been informed by the Social Security Administration that this is far below administrative costs for state-administered safety net programs.

Consequently, NCBA opposes proposals to consolidate SSI with other programs or to block grant SSI to the states. Past history clearly shows that low-income older Americans fare poorly in block grant programs because they are not as visible and outspoken as other client groups. This is one of the key reasons that Congress has enacted categorical legislation to assure that programs appropriately address the needs of low-income elderly persons. These programs have often been among the government's premier programs.

Moreover, disadvantaged and deserving low-income aged, blind, and disabled individuals should not be denied safety net benefits because some state or local official administering a block grant program believes that it may be more politically expedient to serve other visible groups than poor persons who would otherwise qualify for SSI.

NCBA believes that a federal floor under the incomes of the aged, blind, and disabled is absolutely necessary to assure some minimal decent standard of living for low-income aged, blind, and disabled persons, whether they live in Mississippi, Florida, California or New York.

State governments should also be deeply concerned about transferring or block granting SSI to the states, especially if spending caps are imposed. If the annual appropriations would be insufficient, states may find it necessary to reduce benefits, delay the payment of benefits, eliminate certain categories of eligible beneficiaries, or place new applicants on waiting lists. States would be faced with further unattractive choices:

- States could cover the cuts through higher taxes. States electing to do nothing would not escape without some added cost. They probably would have to absorb higher costs for foster care, institutionalization, a growing homeless population,

and general or emergency assistance programs.

- Almost everyone dropped from SSI or not granted benefits would lose Medicaid coverage. However, many aged or disabled former SSI recipients would still need medical care. Then, States would probably be forced either to pick up a significant portion of this added cost or to transfer a part of this cost to local governments.

B. Immigrants

Now, I would like to turn briefly to three groups under attack in various welfare reform proposals -- legal immigrants, alcoholics and drug addicts, and disabled children.

NCBA is deeply concerned about the growing "nativism" in the U.S., which has given expression to xenophobic feelings and legislative proposals to deny assistance benefits, including SSI, to most legal immigrants. This attitude often reflects false stereotypes that exist about immigrants.

One common stereotype is that legal immigrants are freeloaders who take advantage of the welfare system. However, most adult legal immigrants are hard working people who pay their taxes and abide by the rules in our society. They have made many contributions in a variety of fields, including medicine, law, science, academia, and others. In fact, immigrants have accounted for about 30 percent of all U.S. nobel-prize winners since 1901. The harsh reality is that many more native-born Americans are on welfare than immigrants.

Proposals to deny SSI and other benefits to the vast majority of legal immigrants may create a major constitutional hurdle. For example, the U.S. Supreme Court unanimously ruled in the Graham v. Richardson case in 1971 that state laws distinguishing between permanent resident aliens and citizens for receipt of public assistance constitutes a violation of the equal protection clause under the Fourteenth Amendment. NCBA believes that a proposal unanimously adopted by the Commission on Immigration Reform is fairer and more substantively sound. This panel recommended that affidavits of sponsors of immigrants should be legally enforceable during the period that a sponsor's income is deemed available to an immigrant to prevent the individual from becoming a public charge. We believe this proposal has a much better chance of withstanding constitutional scrutiny than legislation that would generally deny SSI benefits to immigrants, except persons seeking political asylum in the U.S. or aliens 75 years of age or older lawfully in the U.S. for permanent residence and who have resided in the U.S. for at least five years. We, therefore, urge the adoption of the Commission on Immigration Reform proposal.

C. Alcoholics and Drug Addicts

NCBA also believes that Congress should allow recently enacted legislation governing the payment of SSI benefits to alcoholics and drugs addicts to run its course, before taking precipitous action to change the rules again. The ink is barely dry on the Social Security Administrative Reform Act, which includes several provisions to tighten requirements for disabled individuals because of alcoholism or drug addiction to receive SSI and Social Security disability benefits.

This new law made several major and rather sweeping changes governing procedures for payment of benefits to these individuals. These include:

- A requirement that all beneficiaries have a representative payee to manage monthly benefits and an increased reliance on community-based agencies to serve as representative payees;
- A 36-month time limit on benefits; and
- A requirement that all states have a referral and monitoring agency.

We believe that it makes more sense now to monitor the implementation of the provisions in the Social Security Administrative Reform Act affecting individuals who are disabled because of alcoholism or drug addiction. We do not believe that a sufficient track record exists to justify replacement of these measures.

Alcoholism and drug addiction are treatable diseases. We can certainly help persons who are disabled because of alcoholism or drug addiction to receive needed treatment in order that they can return to the mainstream of our society. NCBA believes that treatment should be our nation's principal response. A cutoff of benefits will only exacerbate the situation for many alcoholics and addicts and quite likely will be more costly to our nation, especially if they wind up in prison or some other institution or on the street seeking other forms of assistance.

D. Disabled Children

NCBA urges the Subcommittee to proceed carefully before rushing to pass legislation that would substitute a limited list of services for the SSI cash benefits that help children with severe disabilities. We know that the temptation may be strong to enact legislation, especially in view of recent newscasts alleging some parents coach their children to act abnormally to qualify for SSI. Unfortunately, these so-called documentaries have oftentimes been very misleading and sometimes inaccurate. In many instances the media have featured unsubstantiated and sensationalized stories about children being taught by their parents to collect so-called "crazy dollars". The stories build on common but generally erroneous assumptions that it is no more expensive to raise a child with a disability — especially a mental or behavioral disorder — than to raise a normal child. The media certainly have not provided a balanced presentation and all the facts to viewers, listeners or readers. Here are some important facts to consider:

- Without SSI, many families who cannot afford to care for their children with disabilities at home would be forced to institutionalize them or turn them over to foster care homes. SSI benefits for disabled children are essential to a national policy that stresses family preservation.
- SSI cash benefits to families who have a child with a serious disability help to meet several critical needs. They help to pay for the basic needs of a child's life — food (e.g., special formulas for managed diets), clothing (e.g., adapted clothing), and shelter (e.g., home modifications), which cost more for a disabled child. They pay for extraordinary expenses of raising a child with a severe disability or may offset the loss of income because a parent must remain unemployed or underemployed to provide necessary care.
- SSI benefits for families who have children with severe disabilities help to keep those families together and out of bankruptcy.
- Disabled children represent a relatively small proportion of all SSI recipients — about 850,000 in total or roughly 13 percent of the total number of SSI beneficiaries.

E. Enforcement

NCBA certainly recognizes that some aspects of SSI clearly need more effective enforcement to guard against fraud and abuse. We urge the Social Security Administration to take appropriate and necessary steps to assure that only those who legally qualify for SSI actually receive benefits. We also urge the Subcommittee to provide the Social Security Administration with the necessary personnel to discharge its responsibilities fully and effectively. The Social Security Administration has been seriously hampered in carrying out its enforcement duties because of hefty cuts in staff in recent years.

Furthermore, we urge that enforcement action not only be directed at poor persons who may attempt to game safety net programs that Congress established to protect the disadvantaged. We must also turn our attention to the number one revenue loser in our nation — the failure to collect approximately \$100 billion in taxes. Much of this revenue is uncollected because massive

cheating exists in our society. We must address this problem, too, if our tax system is to have the confidence and respect of the vast majority of people who report their income and deductions fully and pay their legal taxes. We realize that this is outside the jurisdiction of the Human Resources Subcommittee, but it is within the responsibility of the Ways and Means Committee. It simply cannot be ignored if our nation is serious about reducing the budget deficit and is fully committed to preventing cheats from undermining our system.

F. Conclusion

In conclusion, most people support welfare reform in the U.S. NCBA does, too. However, we want the reform to be well thought out, fair, and substantively sound. We urge the Subcommittee to act carefully and not too hastily in order to assure that our future public assistance programs are, in fact, better than what currently exists.

We firmly believe that our proposals meet these tests. We, therefore, urge the Subcommittee to adopt our recommendations.

Mr. ENSIGN. Thank you for your testimony.

Mr. Ford, would you like to inquire?

Mr. FORD. Yes, thank you very much.

Mr. Epstein, after hearing your testimony, am I correct in saying that you think that this Contract With America or this Personal Responsibility Act is out to punish people but not to save the children who are living below the poverty thresholds and strengthening families in this country and responding to the economic needs of our communities? Are you directly saying that this Contract With America as it relates to the welfare reform component, is a punishment on people in this country, poor people?

Mr. EPSTEIN. I think that as the act exists—and I was focusing on the nutritional block granting—it is clear that there are things like WIC and school lunch that have just—

Mr. FORD. You made a statement earlier, though, that it would be three times worse than the Reagan 1981 budget—

Mr. EPSTEIN. That the cuts would be three times as great. In 1981, 2,000 schools dropped out of the program. There are now 93,000 schools. We in the past 2 years have worked hard to come up with new nutritional guidelines to help those kids, and if these cuts go through, we could have thousands more schools, or tens of thousands, as some have guessed, dropping out of that program. So, yes, I think—

Mr. FORD. Would that be bad for the—

Mr. EPSTEIN. I think that it would be very bad for low-income children in this country.

Mr. FORD. And block granting any of these programs and the cuts that they are talking about would be punitive; is that correct?

Mr. EPSTEIN. That is what I see it as right now as it exists, yes.

Mr. FORD. Mr. Burgess, you go on to talk about these fathers, and you used a couple of examples. You were talking about mothers who have married who are receiving welfare because they will not give up the kids to those who are willing to support these particular children. Why wouldn't these men support their kids under child support? These mothers would not have to be on welfare if they were actually paying up their child support. What would be the purpose of them having custody of the kids, for them to take care of their kids?

Mr. BURGESS. Well, the purpose would be, first of all, that there would be a parent there rather than some other form of child care.

Mr. FORD. You are not suggesting that the mother is not there. You are just saying that the mother is on welfare.

Mr. BURGESS. I am saying that, yes, but the men that call the hotline very frequently are totally restricted from access to their children one way or another, and in some cases—

Mr. FORD. But that should not suggest that these men should not pay child support. That is what we want in this bill, a strong child support enforcement provision that would say to these fathers that you are going to have to pay this child support. In all fairness, I think the men should have rights to custody of their kids and to see their kids. But, however, they should be able to—they should be forced to pay if they are not willing to pay that child support, and maybe that mother and these children that you make reference to would not have to be on welfare.

Mr. BURGESS. We are not suggesting that they not pay child support. What we are suggesting is that they be the first placement of choice whenever the mother wants to go on welfare and the father is able to support them otherwise.

Mr. FORD. You mentioned remember these girls when developing welfare policy. You also said that the national research has found that 31 percent of the teen pregnancies are intentional. You are not suggesting that out of that 31 percent they are all welfare recipients?

Mr. BURGESS. No, we are not.

Mr. FORD. I just want to make sure that you would not try to suggest that all of the intentional teen pregnancies are welfare recipients.

Mr. BURGESS. No. I think a large percentage of them are. I do not know what that percentage is, but, no, I am not suggesting that.

Mr. FORD. We do not want to give the welfare system the total blame for all of the out-of-wedlock births in this country and all of the other problems of the poor.

Mr. BURGESS. No.

Mr. FORD. Thank you.

Mr. ENSIGN. Thank you. We are going to have to stand in recess. We will reconvene with the next panel. Thank you very much for your testimony.

Mr. Epstein, I also want to just remind you that this Committee does not have jurisdiction over the Food Stamp Program. That is under the jurisdiction of other committees. I appreciate your comments on that, but we do not have the jurisdiction over those programs.

Mr. EPSTEIN. I appreciate that. Thank you.

Mr. ENSIGN. Thank you.

[Recess.]

Mr. ENGLISH [presiding]. Thank you, ladies and gentlemen. I apologize for the delay, and I expect that a number of my colleagues will be along in just a couple of minutes.

We appreciate your taking the time today to come and testify before the Committee. I would like to at this point introduce the panelists and give you each 5 minutes to present your testimony. I apologize for our compact schedule, but there will be an opportunity for Members of the Committee to follow up with questions. If your testimony exceeds 5 minutes, we would ask you to submit it for the record, and it will be included in the Committee hearing record.

The next panel will consist of Ron Henry, cofounder of the Men's Health Network, of Washington, DC; George Liebmann, of Baltimore, Maryland; a constituent of mine, Walt Myers, of Saegertown, Pennsylvania, testifying on behalf of the Mon-Valley Unemployed Committee; Edward Faine, of Takoma Park, Maryland; and Jonathan Stein, legal counsel of the Community Legal Services, Philadelphia, Pennsylvania.

Welcome. I would like to recognize Ron Henry for his remarks.

**STATEMENT OF RONALD K. HENRY, COFOUNDER, MEN'S
HEALTH NETWORK**

Mr. HENRY. Thank you, Mr. Chairman. I am Ron Henry for the Men's Health Network.

With the openness and patience that the Committee is showing today, I am afraid you are in danger of giving government a good name. But we thank you for this opportunity.

Mr. Chairman, in providing services to children, we must always begin with the understanding that the best service we can provide to at-risk children is to reduce the number of children who become at risk. Regardless of the social pathology that is under study, whether it be teenage pregnancy, drug abuse, suicide, low self-esteem, juvenile delinquency, poor academic performance, or any of our other social ills, our greatest causal factor is family breakdown and father absence.

Virtually all of our current social welfare programs are Band-Aids and tonics to treat our children's afflictions. Fathers, Mr. Chairman, are the immunization program that will reduce the tragic need for Band-Aids and tonics.

In a study conducted by the University of Pennsylvania in Baltimore among teenage girls, approximately 25 percent of them became pregnant over the study period. But not one who was living with her dad became pregnant.

Mr. Chairman, too often our government programs have forgotten the simple axiom that prevention is better than treatment. This hearing on welfare reform specifically demonstrates the need to reform government programs that focus on treating symptoms while leaving the cause of those symptoms in place.

The tunnel vision that afflicts our current policy efforts can be seen at all stages of the welfare process. It is rare for a caseworker even to seek the identity of the child's father and almost unheard of for the caseworker to seek information regarding that father's fitness and willingness to provide for the child's needs. If the father independently comes forward in an effort to assist the child, the caseworker's standard response is to resist all involvement other than cash transfer payments. This resistance is wrong.

The government's interest is in protecting the child, not in defending one parent's ownership of that child against all others. Family preservation must be understood to include and encourage the participation of fathers and must move beyond the mere administration of programs designed to prop up single parents as stand-alone entities.

It is time to reform welfare, Mr. Chairman. We must change the system under which our only criteria are that beneficiaries must continue to neither work nor marry. Children are harmed when the unintended consequence of policy is to favor nonworking, single-parent households over all others. Most law-abiding citizens work 40 or 45 years to qualify for a Social Security benefit that is smaller than a teenager's welfare package.

Welfare reform, Mr. Chairman, requires attention to four areas: Responsibility, paternity, accountability, and eligibility.

Because of the limitation of time available to us today, I am going to focus just on paternity and eligibility and leave for my

filed remarks the other matters of responsibility and accountability.

Mr. Chairman, if we can do nothing else in welfare reform beyond universal paternity establishment, that is a critical, essential, and unescapable need. We can have no excuses. Every child is entitled to know who his or her father is. The stories that you hear about, oh, we cannot ask the mother to tell us who the father is because the father might be abusive or might be this or might be that do not hold water. The child has the right to know who his father is. If there is a problem with either mom or dad, we have the legal capability to take care of that. But we cannot allow either parent's unilateral representation to deny the child access to and knowledge of the other parent.

Fathers must be included in all programs. They cannot simply be sources of cash transfer payments. We need to look to fathers for the emotional, physical, and psychological support that they can give.

We have heard a lot of talk in welfare reform about the needs for child care. Well, Mr. Chairman, I submit to you the greatest untapped pool of child care is fathers. We have got to stop excluding fathers from the equation.

Look at some of our programs. Women, Infants, and Children, where are the fathers? We have defined them out of our family policy, and it is time for that to change.

Mr. Chairman, when it comes to eligibility, we submit that it is time to look at the entire kinship care network. Right now we look only at the cash income available to the single custodial mother in deciding welfare eligibility. It is time to look at the other relatives of that child. Where is the father? Is the father fit and willing to provide custody? Is the father or the father's family or the other extended kinship care relatives prepared to step in and provide for this child without falling into the trap of welfare?

Mr. Chairman, we submit that fathers and the family are the most underutilized resource and are the solution to welfare reform.

Thank you.

[The prepared statement follows:]

**TESTIMONY OF THE MEN'S HEALTH NETWORK
BEFORE THE UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON WAYS AND MEANS, SUBCOMMITTEE ON HUMAN RESOURCES
FEBRUARY 2, 1995
PRESENTED BY RONALD K. HENRY**

The Men's Health Network thanks the Chair and Committee Members for scheduling this very important hearing on reform of the federal role in welfare programs.

In providing services to children, we must always begin with the understanding that the best service we can provide to "at-risk" children is to reduce the number of children who become "at-risk". Regardless of the social pathology that is under study, whether it be teenage pregnancy, drug abuse, suicide, low self-esteem, juvenile delinquency, poor academic performance, or any of our other social ills, the greatest causal factor is family breakdown and father absence.

Virtually all of our social welfare programs are band aids and tonics to treat our childrens' afflictions. Fathers are the immunization program that reduce the tragic need for band aids and tonics. Too often, our government programs have forgotten the simple axiom that prevention is better than treatment. This hearing on welfare reform specifically demonstrates the need to reform government programs that focus on treating symptoms while leaving the cause of the symptoms in place.

In virtually all of our programs, the phrase "family preservation" has become narrowly defined to mean the propping up of the single mother household as a stand-alone entity. While most single parents do all they can for their children, and many children of single parents develop beautifully, the inescapable history of our programs demonstrates that many single mother households will never succeed as stand-alone units and many children in those households are in grave danger, both physically and developmentally.

The tunnel vision that afflicts current "family preservation" efforts can be seen at all stages of the child welfare process. It is rare for a caseworker even to seek the identity of the child's father and almost unheard of for the caseworker to seek information regarding the father's fitness and willingness to provide for the child's needs. If the father independently comes forward in an effort to assist the child, the caseworker's standard response is to resist all involvement other than cash transfer payments. This resistance is wrong. The government's interest is in protecting the child and not in defending one parent's ownership of that child against all others. "Family preservation" must be understood to include and encourage the participation of fathers and must move beyond the mere administration of programs designed to prop up the single parent as a stand-alone entity.

The absurdity of the current system is even more starkly highlighted in situations where the caseworker realizes that the child must be taken from the care of the single mother. In every state in the country, the standard operating procedure is for the bureaucracy to skip over the father and the entire extended family and consider only third party placement. The bureaucracy's fallacy is in viewing child placement as a simple dichotomy -- an unfit single mother versus third party foster care or adoption.

It is time to reform welfare. We must change the systems under which our only criteria are that beneficiaries must

continue to neither work nor marry. Children are harmed when the unintended consequence of policy is to favor non-working, single parent households over all others. Most law-abiding citizens work 40 to 45 years to qualify for a social security benefit that is smaller than a teenager's welfare package.

Welfare reform requires attention to four areas: responsibility, paternity, accountability, and eligibility.

Responsibility. Every welfare recipient should be required to devote 40 hours per week to some combination of job search, training and work, with a strong emphasis on work. Revising current programs to end the existing discrimination against two-parent families will also increase access to child-care from both parents and reduce the cost of day-care needs.

Paternity. Current policy fails to distinguish between "runaway" and "thrown away" or "driven away" parents. Successful paternity establishment requires that fathers must be accepted and respected in all programs as family members rather than merely as cash donors.

Accountability. Prior efforts at reform have been reluctant to impose sanctions against uncooperative and irresponsible adults because of a fear of "punishing the child." The reality is that current policies allow children to be held as hostages to guarantee continued subsidy of adult irresponsibility.

Eligibility. Minor parents must live with or at the expense of their own parents. Income based eligibility standards should consider both the income of the parents and the resources that are voluntarily available from the kinship network. Fraud must be addressed as a serious matter.

A. OVERVIEW OF PRINCIPLES AND PROGRAMS

There is widespread agreement that the current welfare system is destructive of the families it was intended to help. Despite its good intentions, the government has made a devil's bargain with the poor -- "We will give you money as long as you continue to neither work nor marry." Current programs and many reform proposals are patronizing. They assume that large classes of citizens are simply too stupid and incompetent to make any current or near term contribution to their own support. Real welfare reform requires recognition that there is no respect for the individual unless there is respect for the individual's labor.

1. "Making Work Pay": Rhetoric and Reality

Work always pays. Our problem is that we have established a parallel system under which non-work often pays better. Most law abiding citizens work 40 or 45 years to qualify for a social security benefit that is smaller than a teenager's welfare package. Many welfare recipients are not unemployed, they are prematurely retired. We have long recognized that Social Security rules discourage paid employment among senior citizens. We have recently recognized that welfare rules discourage paid employment among welfare recipients. The cornerstone of welfare reform must be respect for the importance and dignity of work. Except for the small number of people who are genuinely unable to make any contribution to their own needs, welfare must be a supplement, not a substitute for work.

Welfare reform requires attention to four areas: responsibility, paternity, accountability, and eligibility.

2. Responsibility

Responsibility should be immediate, mandatory and universal. Beginning immediately with entry into any welfare program, every recipient should be required to devote 40 hours per week to some combination of job search, training and work with a strong emphasis on work. Actual work experience is generally the best training for advancement in the work place. An immediate, universal work requirement also eliminates the "no job" option and encourages serious search efforts for the best available job.

The work requirement can be satisfied by private employment or by unpaid public service in exchange for receipt of the welfare benefit. Work programs should not discriminate against the non-welfare working poor. Vouchers and other special incentives to hire welfare recipients create the risk of displacing other workers. We should not support programs that have the unintended consequence of encouraging people to enter welfare as the path to job preferences. Community service jobs (e.g., assignment to charitable organizations) provide benefits to the community and training to the employee at little or no government cost. Many of the current, unmet needs of communities can be satisfied by this new pool of labor as a supplement to, rather than a substitute for, current employees.

All programs must be open to and end the current discrimination against two parent families. In two parent families, at least one parent must satisfy the 40 hour requirement.

Welfare reform should also begin the process of examining barriers to entry-level job creation. Many worthy tasks in society are not performed because the total cost of obtaining labor, including regulatory and recordkeeping burdens, exceeds the value of the service. We need to examine the extent to which willing workers have been priced out of the market by government mandates.

Child care may be less of a problem than argued by some. Most current working parents utilize some low-cost combination of family, friends and school to satisfy day care needs. As discrimination against two parent households is eliminated, a greater number of children will have access to child care from both parents. Finally, a portion of the community service assignments can be made to child care organizations to increase the available supply at little or no incremental cost. The Head Start Program already utilizes large numbers of low income parents who begin as unpaid interns and progress to paid staff and supervisory positions.

3. Paternity

Current policy fails to distinguish between "runaway" and "thrown away" or "driven away" parents. The federal government spends approximately two billion dollars per year on child support enforcement but purposefully and consciously excludes fathers from all parent-child programs. Under current AFDC rules, the low income father who wishes to be a physical and emotional asset to his children also becomes a financial liability by disqualifying them from most assistance. Research conducted by HHS itself confirms that both mothers and fathers distrust the bureaucracy and work jointly to conceal paternity. We cannot be surprised by low income parents who separate or conceal paternity when our policies make such behavior the economically rational course. A work requirement for single parents and an end to discrimination against two-parent households will change the dynamics of paternity establishment.

Eligibility for all federal programs should require establishment of paternity, beginning with eligibility for the WIC program. That program itself must be revised to develop and encourage the roles of fathers.

Paternity establishment forms in hospital programs should encourage the parties to voluntarily establish custody and visitation as well as financial support. Avoidance of poverty and welfare dependency are directly linked to father involvement. Child support compliance exceeds 90 percent in joint custody families. Child poverty rates and welfare dependency rates are much lower in father custody families than in mother custody. Women's workforce participation and economic security are increased in joint custody and father custody families.

4. Accountability

AFDC and other programs are intended for the benefit of the dependent children. Adults receive the benefits and are expected to participate in the programs in support of the children's needs. Failure or refusal to participate in required programs or to spend the cash payments for the benefit of the children should be seen as evidence of child neglect or abuse. Such evidence should weigh heavily in determining whether it is in the best interests of the child to transfer custody to a more responsible relative or to consider a foster care placement. Prior efforts at reform have been reluctant to impose sanctions upon uncooperative and irresponsible adults because of a fear of "punishing the child." The reality is that current policies allow children to be held as hostages to guarantee continued subsidy of adult irresponsibility.

All recipients should be required to reimburse the value of benefits received. Currently, child support paid by non-custodial parents is used for reimbursement after a \$50 per month waiver. The custodial parent should have the obligation to reimburse one-half of the welfare payments made on behalf of the child and each adult should have the obligation to reimburse benefits paid on behalf of that adult. Many welfare recipients require only short term assistance and that assistance can fairly be treated as a loan or a line of credit rather than as a grant. A uniform reimbursement requirement also encourages all recipients to minimize the period of dependency, take no more benefits than are required, and resume paid employment at the earliest possible date. Community service should be counted toward the reimbursement obligation but should be valued at a level that does not compete with the attractiveness of paid employment.

5. Eligibility

Under the law of each state, parents have an obligation of financial responsibility for their minor children. If the minor children themselves become parents, the minor parents should continue to be the obligation of their own parents. Accordingly, the birth of a child to minor parents may create a requirement for welfare assistance to the new infant but does not create a requirement for assistance to the minor parents unless their own parents are unable to supply the required support. Minor parents must live with or at the expense of their own parents. Payments on behalf of the new infant should be made to the parents of the minor parents as their guardians.

Welfare payments should be limited to citizens and immigrants with refugee status.

Income based eligibility standards should consider both the income of the parents and any resources that are voluntarily

available from the kinship network. See attached proposal for more details.

Fraud must be addressed as a serious matter. Welfare benefits are based on the applicant's self-reporting of available income. If welfare fraud has concealed additional income, welfare eligibility must be recalculated, at a minimum, to include the demonstrated capacity for self support. See attached proposal for further details. Other fraud reduction mechanisms including electronic transfers and improved identification verification must be adopted.

The earned income tax credit must be modified to reduce the incentive and opportunity for strategies such as over-reporting of income to maximize benefits and to reduce discrimination against two parent families. Currently, many working class couples are ineligible for EITC but, simply by splitting into two dysfunctional fragments, both become eligible.

B. WELFARE ELIGIBILITY -- KINSHIP ALTERNATIVES TO WELFARE

There is a broad consensus that welfare dependency is not in the best interests of children. Recent legislative initiatives have begun to examine the structural flaws in existing welfare programs. One of the best opportunities for reducing welfare dependency is to be found in the development of more thoughtful eligibility criteria to better identify the children who are actually in need of welfare assistance.

Currently, most welfare programs look only at the cash income of the custodial single parent without regard to the availability of voluntary kinship or extended family assistance. The attached proposal provides that welfare eligibility should be determined by examining all resources that are available voluntarily through the child's kinship network.

The proposal does not relieve the child's parents of their obligations nor does it impose new obligations on other relatives. Only voluntary kinship assistance is considered.

Examples:

- Brother is willing to care for child of drug abuser with or without change of custody/guardianship. Welfare dependency is not in the best interests of the child and eligibility should be denied.
- Father of child is willing to provide child care with or without change of custody while mother works. Welfare dependency is not in the best interests of the child and eligibility should be denied.
- Adolescent mother lives with her parents. The parents have a legal obligation to support their adolescent daughter and are willing to care for grandchild while daughter completes school or works. Welfare dependency is not in the best interests of the child and eligibility should be denied.

KINSHIP CARE ACT OF 1995

SECTION ONE FINDINGS AND PURPOSES

The Congress of the United States finds that:

Welfare programs are intended to provide temporary economic sustenance for individuals while they seek to

enter the workforce and eventually extricate themselves and their dependents from poverty.

Welfare programs have fallen short of this goal as many individuals receiving assistance fail to find and retain jobs.

The failure to escape poverty persists through generations as children of welfare families go onto welfare rolls as adults, resulting in a needless waste of human potential as well as economic and other costs to society.

A primary cause of intergenerational welfare dependency is the adverse impact of the welfare environment upon children.

To break intergenerational welfare dependency requires, where possible, the separation of children from the welfare environment and their placement into family situations that will be conducive to rejection of the welfare career.

Current welfare provisions lack measures that would assist in the elimination of intergenerational welfare dependency and, indeed, actually encourage such dependency by ignoring the availability of non-welfare alternatives for dependent children.

It is therefore in the public interest to amend the welfare laws to eliminate the encouragement of intergenerational welfare dependency and to promote the placement of children in non-welfare environments more conducive to an economically and socially productive adulthood.

SECTION TWO AMENDMENT TO PUBLIC LAW NO. _____

Section _____ of Public Law No. _____ is hereby amended to add a new subsection _____ as follows:

Subsection _____:

No person shall be eligible to receive benefits under this program by reason of the need of that person to support one or more child dependents unless the administrator [or agency or other appropriate state official] has certified, after undertaking diligent efforts, that there are no family members who are fit and willing to provide for the needs of such child without resort to welfare dependency. Such certification shall be required prior to initial entry into the program and, thereafter, upon periodic reviews of eligibility conducted annually.

C. TEENAGE PARENTS - WELFARE ELIGIBILITY

Under the law of each state, parents have an obligation of financial responsibility for their own minor children. If the minor children themselves become parents, these minor parents should continue to be the obligation of their own parents.

Current welfare eligibility rules subvert this basic rule of parental responsibility and create perverse incentives for teenage child bearing. Simply by having a child, federal programs give the teenager an independent income source and relieve the teenager's parents of the obligations imposed by state law.

Under state law, a minor must live with or at the expense of his or her own parents. The birth of a child to that minor should not be a basis for the federal government to override state law. The federal government should not subsidize the establishment of independent households by minors.

If the parents of the minor are already on public assistance, their payments should be governed by the rules applicable to other families experiencing the birth of an additional dependent. If the parents of the minor are a danger to the minor or grandchild, the case should be processed under the normal rules of guardianship used by the state. Again, there is no justification for a federal program which automatically establishes all minors as independent households upon the birth of a baby.

D. DIVORCED FAMILIES - DEPENDENT TAX EXEMPTION

Prior law provided that the dependent exemption for a child of divorced parents was available to the parent providing greater than 50% of the child's support. At that time, it was difficult to determine which parent provided greater than 50% of the support and the law was changed in 1984 to create a presumption that the exemption would be given to the custodial parent. The current law has created some new problems and has not kept pace with federally imposed changes in the establishment of child support orders.

Most divorce litigants do not have lawyers and, even with lawyers, most divorce decrees fail to address the allocation of the dependent tax exemption. Some courts have taken the position that they do not have authority to allocate the exemption to the non-custodial parent even in cases where the custodial parent is unemployed and it is clear that the non-custodian is providing 100% of the child's financial support. Allocating the dependent exemption to a household with no income does not help the child and, in fact, reduces the after-tax income available to support the child.

Recent federal legislation governing the establishment of child support orders has eliminated the uncertainty which motivated the 1984 law regarding allocation of the dependent exemption. In the past, child support orders were subjective, ad hoc determinations that did not identify each parent's share of the child's financial costs. Federal law now requires that each state have a presumptive, mathematical guideline for the establishment of child support. Under the "income shares" model used by most states, the state determines a child's costs and then allocates these costs in proportion to each parent's income. The child support computation formula thus establishes unambiguously which parent provides more than 50% of the child's financial support.

The law should be revised to provide that the dependent exemption shall be allocated to the parent who bears more than 50% of the child's financial support as established by the applicable child support order. To avoid ambiguity and dispute, the taxpayer claiming the exemption could be required to submit a copy of the court order as an attachment to the tax return. Most child support orders are now generated by computers using the state's child support formula and are set forth in a one page computer printout.

E. RESPONDING TO WELFARE FRAUD

In the District of Columbia and in most states, welfare fraud is a no-risk adventure.

If caught, the standard guilty plea merely requires restitution (sometimes only partial) which is paid out of future welfare benefits! Welfare is a disastrously anti-family program in which the government offers itself as a substitute for responsible two-parent family behavior. Welfare fraud multiplies the problem by making welfare more lucrative.

Welfare benefits are predicated on the assumption that the welfare recipient cannot earn an outside income and that a government subsidy is required for basic needs. Initially, we accept the applicant's unilateral assertion of this inability to earn an income. In the case of the welfare cheat, however, behavior proves that an income can be earned and the receipt of welfare benefits is simply a theft of benefits that are not needed. Having proved that an income can be earned, the welfare cheat should be disqualified from receiving benefits in the future at least to the extent of the earnings potential that has been demonstrated.

Past enforcement efforts have been backward. The welfare cheat is permitted to quit the unreported job and go back to the dole. The reverse should be true. Having demonstrated earning capacity, the welfare cheat should be disqualified from again asserting an inability to earn income.

In the current economic crisis of budget deficits and soaring welfare rolls, it may finally be possible to impose serious sanctions upon welfare cheaters. The following legislative suggestions are offered:

1. The presence of unreported income means that the welfare cheat either does not need or has less need for welfare. Accordingly, the law should provide that welfare benefits will be reduced or eliminated on a forward-going basis to reflect the income that was being earned during the fraud and thus can be earned in the future.
2. State laws providing for mandatory jail terms of not less than 30 days for all persons convicted of welfare fraud should be required as a condition for a state's receipt of federal funds.
3. State laws providing that conviction for welfare fraud is a sufficient basis to support a judicial finding that it is in the best interests of the child for custody to be placed with another relative should be required as a condition for a state's receipt of federal funds.
4. State laws providing that conviction for welfare fraud is a sufficient basis to support a judicial finding of neglect or abuse so that the child may be placed in foster care should be required as a condition for a state's receipt of federal funds.

Mr. ENGLISH. Thank you, Mr. Henry.
The Chair will recognize Mr. Liebmann.

**STATEMENT OF GEORGE W. LIEBMANN, BALTIMORE,
MARYLAND**

Mr. LIEBMANN. Thank you, Mr. Chairman.

I am a former counsel to the Maryland State Department of Social Services, and I have published several articles recently on the rather neglected subject of maternity homes in the United States. It is that subject that I intend primarily to address today.

I think I need not reiterate what so many witnesses have told you; that is, that it is essential that any legislation that is adopted deny cash benefits as a right to teenage mothers. The reason that is essential is not only because the average teenager is totally unequipped to administer a fund of several hundred dollars a month and that the funds that are paid them are usually utilized for perverse purposes. But it is also because, even if, as the administration bill proposed, those funds are paid to the welfare grandmother rather than the welfare mother, the initiation of payment marks a sort of coming of age in some households. It operates as a perverse incentive.

The evil effects of this I think are nowhere more dramatically shown than in the District of Columbia where benefits have been made available from the day of pregnancy until very recently, cash benefits, the overwhelming proportion of which are paid to teenagers in the homes of their parents, as the administration bill contemplates. And yet we know from Nicholas Eberstadt's recent article in the Public Interest that in the District of Columbia you have 35 or 40 percent of new teenage mothers who have received little or no prenatal care. They have received little or no supervision. You have rates of low-weight births that are the highest in the country and the society, and these people's children are going to be paying for many years to come for the neglect in the period immediately prior to childbirth as a result of these unsupervised cash benefits.

Merely transferring the benefits from the mother to the grandmother is not sufficient. What is necessary, in my view, both for deterrent reasons and for positive reasons, is adoption of the principle that where a teenager gives birth to a child, the only benefits that are payable are benefits which initially flow to a maternity home, and thereafter, after a period of residence in the maternity home, flow to a social agency to be disbursed for the benefit of the mother and her child.

This is not a new, untried approach. It was the method that was universally followed in this country until 1935, indeed until 1960. The mothers pension laws in effect prior to 1935 did not provide for aid to unmarried mothers. They provided aid only to widows, disabled, divorced, and deserted people, not to young teenage mothers. They went into private maternity homes.

Now, I have provided in that large pile that you see over there materials for distribution to Members of the Committee relating to the present status of maternity homes in this country. And contrary to popular belief, there are a great many of them.

There is a recent article in a journal called Adolescent Pediatric Gynecology, which is included in that package, and which is accompanied by a list of 215 maternity homes. I have also included in that package two articles that I have written on the subject of maternity homes, as well as a sample budget that is distributed by an organization known as Loving and Caring in Lancaster, Pennsylvania, that has organized several dozen maternity homes.

Contrary to the contentions of the administration, the monthly cost in many of these maternity homes is not appreciably greater than the total Federal benefit made available to a teenage mother under the various programs were those benefits to be cashed out. You are looking at monthly costs of perhaps \$1,000 or \$1,100 a month as against roughly \$850 a month in AFDC, food stamps, Medicaid, and housing subsidies. And yet the consequence of making available to an unwed mother for a period of 6 months or more a period of maternity home residence in terms of that mother's future behavior, in terms of the birth chances of the child, in terms of the ability of the mother to care for the child, are enormous. And it is clear that whatever added costs are involved in providing that sort of care for the first 6 months or so after birth or immediately preceding birth are going to be more than saved by the condition of the child later on, leaving aside the considerable savings that are bound to result from announcement of a rule that there are to be no cash benefits for teenage mothers.

If the caseload drops at all, the savings from that drop in caseload can be utilized to provide more adequate care for the mothers that do have children and for their children when they are born.

[The prepared statement follows. Attachments to the prepared statement are being held in the Committee's files.]

STATEMENT OF GEORGE W. LIEBMANN
TO THE SUBCOMMITTEE ON HUMAN RESOURCES
HOUSE WAYS AND MEANS COMMITTEE - FEBRUARY 2, 1995

I served as counsel to the Maryland State Department of Social Services in 1968-70 and in that capacity successfully argued the case of Dandridge v. Williams, 397 U.S. 471(1970). I also drafted some early legislation relating to subsidized adoptions and termination of parental rights in adoption. I have had a continuing interest in welfare issues and am the author of The AFDC Conundrum: A New Look at an Old Institution, 39 Social Work 36-43 (January 1993), Bad Incentives, The Family in America (Summer 1993), pp. 6-8 and Rebirth of the Maternity Home 6 American Enterprise 49-55 (1995). I represent no organization with an interest in these matters.

Any new legislation on welfare must decisively address the central problem: The rising tide of illegitimate births, and should not constitute merely an effort, largely foredoomed, to mitigate damage after the fact. Any new legislation must also be largely self-executing: it must send an unmistakable message which influences individual behavior and the culture of dependency and must not primarily rely on bureaucratic tinkering.

New legislation, in its application to recipients under the age of 21, must embody one central, unmistakable principle: no cash benefits as of right. It must send one unmistakable message: unattached childbirth means increased supervision, not increased independence. It must have as its central focus not guaranteed employment or public day care on the one hand, not orphanages and abortions on the other, but training in parenting skills, mutual aid, adoption services, maternity homes and moral and religious training in the voluntary sector. Its focus must be not on the labor market but on the upbringing of the young; its concern not parsimony but proper prenatal care and avoiding the loss of another generation.

The costs of this approach are not high. The Progressive Policy Institute has estimated that combined federal and state welfare, food, medical and housing benefits to unwed mothers, if cashed out, equal \$850 per month per welfare family. Progressive Policy Institute: Preventable Calamity: Rollins Back Teen Pregnancy (1994), 18. Typical budgets of recently established maternity homes, exclusive of capital costs, approximate \$750 per month. Loving and Caring, Inc., Operating a Group Housing Ministry (1995), 31-33.

These proposals are not radical. They represent a return to the approach to unwed motherhood that prevailed in law until 1935 and in practice until 1960, and that successfully dealt with the dislocations caused by mass immigration, the depression, and two world wars. The application of AFDC to unwed mothers was an historical and legal accident, which must now be corrected. See Yordan, Maternity Homes for Adolescents: A National Portrait, 7 Adolescent Pediatric Gynecology 214-19(1994).

As applied to the pending bills, this means the following:

1. AFDC in its application to unwed mothers under the age of 21 should be converted into a program of per capita grants to the states for social services to unwed mothers. The states should be encouraged to contract for delivery of these services by voluntary sector agencies. So long as grants are made to secular and religious agencies alike and individuals are excused from compelled religious observance, there should be no restrictions (such as those in section 2008(j) of the Administration Bill) on the religious content of programs.

2. Individual recipients under 21 should have an entitlement, as proposed by Senator Bradley, to a period of residence in a maternity home (such an entitlement is currently provided under California law). They should also have an

entitlement, as proposed in section 503 of the Administration bill, to case management services by maternity homes or other social agencies. Allocation of the remaining grants to the states and of their matching funds, should be left to the states and the voluntary organizations with whom they contract, who would be free to make payments to guardians, protective payments to providers, and assistance in kind or, to a limited degree, in cash, which would vary according to the needs of recipients. The program should not be an entitlement program for welfare mothers, nor should it be converted into an entitlement program for welfare grandmothers.

3. As proposed by Senator Bradley, there should be a program of assistance to new maternity homes. This should be pursued with urgency during the lead time provided before new rules become effective. The focus of public policy should be on the re-involvement of the private sector in the care of this vulnerable population. The use of excess hospital wards, HUD and RTC foreclosure properties, and public housing for this purpose should be facilitated.

4. The states should be encouraged to simplify their adoption laws, by limiting the rights of natural parents and the rights of children to identify natural parents, once adoption has taken place. As in recent British government proposals, which should be taken as a model, restrictions on interracial adoptions should be eliminated. Programs of subsidies for adoptive parents should be expanded, and funds provided for enhanced social work in support of adoptions.

5. The Committee should consider scheduling a day of testimony from representatives of the 215 existing maternity homes.

Mr. ENGLISH. Thank you, Mr. Liebmann. We appreciate your testimony, and you are welcome to submit additional testimony for the record.

The Chair will recognize Walt Myers of Saegertown.

**STATEMENT OF WALT MYERS, SAEGERTOWN, PENNSYLVANIA,
ON BEHALF OF THE MON-VALLEY UNEMPLOYED COMMITTEE,
HOMESTEAD, PENNSYLVANIA**

Mr. MYERS. Thank you, Mr. Chairman, Committee Members. My name is Walt Myers, and I was born and raised in northwestern Pennsylvania. I feel that I represent the shrinking middle class. I graduated from Saegertown High School and went to work in a local hospital as a maintenance man.

In 1966, I married and changed jobs to better support my family. I received industrial mechanics training, second and first class. For 13 years I remained there until the factory shut down. I vested my pension, but later received a letter stating that the pension fund went bankrupt. My family went through a fire, and we lost our home and everything in it. We had little insurance.

My family was later split by divorce. About 16 years ago, I remarried and now we have three beautiful daughters. We have been on and off welfare the last 6 years. I enrolled in a State-funded school in Meadville, Pennsylvania, which taught industrial building maintenance. I finished the course, and I received a 100-percent grade average on all my tests but one, which was 99 percent.

Education is good, but it does not pay my bills.

I found out that, due to my age, I lost out on several openings. I have worked for dairy farmers 7 days a week many times 20 hours a day for \$600 a month and no benefits.

I did this because in the State of Pennsylvania there was a welfare lien going against my home, and I wanted to keep it to a minimum. I have had to look at my wife with a swelled face and a black eye because she had an abscessed tooth. My caseworker told me I made too much money to have a medical card so she could have the tooth pulled.

We joined ranks with Mon-Valley Unemployed Committee in Homestead, Pennsylvania, and we worked with our elected officials to remove the welfare lien from propertyowners in the State of Pennsylvania.

My wife and I and our children were honored with the invitation to attend the bill signing in Governor Robert Casey's office, and we went there.

On one of many lobby trips to Harrisburg, we were approached by a film crew from Dallas, Texas, doing a documentary. We were interviewed in our home, and the film aired in several large cities across the Nation. Ross Perot mentioned seeing the show in one of his campaign speeches. This led me to write a letter to Mr. Perot. I acknowledged that he was an intelligent man because he is a millionaire. I asked him how the welfare people go about getting jobs when our mills are gone. I said, humorously, that I was an avid hunter and occasional fisherman. All the time I hunted, I did not see a job go by that I might shoot, nor while I fished I did not see one that I might snag.

Now, on the more sobering side, I ask you people to bring back our jobs so that we can work and support our children. Welfare reform? Yes, we need it. Change, we need—we were asked by our caseworkers if we needed fuel to heat our homes in the winter. I informed her that I planned on cutting firewood to burn. She told me that in this case she would have to cut my food stamp allotment because it did not give her a large enough base to work on.

I also asked my caseworker to be prompt on getting us out after our interview so I could put in a bid on a roofing job. She informed me to be careful—if I put a bid out, this would classify me as self-employed, and I would be ineligible for State aid.

Change? Yes, I would like to see my wife take my paycheck to the bank. Please help us become middle-class citizens again. Bring back our jobs so that our breadwinner can support his family while his spouse raises his children.

Thank you.

Mr. ENGLISH. Thank you, Mr. Myers. Thank you for coming down from northwestern Pennsylvania.

The Chair recognizes Edward Faine of Maryland.

STATEMENT OF EDWARD ALLAN FAINE, TAKOMA PARK, MARYLAND

Mr. FAINE. Thank you very much, Mr. Chairman. I would like to address the orphanage issue.

As one who spent 6 years, age 7 to 13, in the Cleveland Christian Home for Children, I feel the current debate over orphanages misses the point. For me, orphanage life was neither a Dickens' dungeon nor a Hollywood's "Boys Town." It was a life apart from the other kids who had parents and homes. Through it all, I knew I could never be like the other kids on the outside, and that is what hurt the most.

My mother reluctantly placed me in the home in 1945 because my father was no longer with us; because it was impossible for her to get a job when returning GIs reclaimed their old jobs; and because the welfare system, unlike today, was inadequate to support a family for an extended period of time.

To be sure, orphanage life in the forties was highly regimented and sometimes cruel. We ate, slept, played, and showered together. Boys were segregated from girls for the most part. We marched to school and church in side-by-side columns.

Punishment was dealt out regularly for the smallest infraction of the rules. A boisterous laugh often led to a paddle spanking that left my bottom stinging for days. Many a time I got clobbered across the face by the governess for not being fully dressed for the 8 o'clock march to the dining room. Lesser punishments, like the scrubbing and rescrubbing of floors were reserved for minor infractions like improperly laced boots.

As strange as it may seem, this part of orphanage life did not bother me. Perhaps I understood somehow that strict discipline was necessary in a situation where one governess managed 30 boys.

Orphanage life was impersonal. We claimed nothing for ourselves. We wore donated hand-me-downs, and if one of us received a gift, it became community property, with one exception: Each

year we were asked to make a list of what we wanted for Christmas. Charity groups such as the Masons and the Knights of Columbus would then donate gifts. At the top of each orphan's list, including mine, was a ring, the one gift that we could keep for ourselves.

Overall, we were treated the same, looked the same, and behaved the same. We were taught to fit in, to get along, and to sacrifice personal desires for the good of the group—in other words, we were depersonalized.

At school, I was known as “a kid from the home,” seldom called by my real name.

But orphanage life had its good side, too. We ate family style at oval tables for all our meals. Our supper table was laden with tureens overflowing with green beans and bacon, boiled cabbage, mashed potatoes, and meatloaf. And I will never forget the mornings when we were given bakery-donated shipping boxes full of week-old jelly doughnuts, and told to eat our fill.

We read books, played cards, ran around in our playground, and in warm weather splashed about in our swimming pool. Each year we went to the circus courtesy of the Shriners and to a major league baseball game courtesy of the Cleveland Indians. It was times like those that I felt like a privileged rich kid. But I would have rather been with my mother in the bleachers than with the kids from the home in the seats behind first base.

But the most fun of all was the 3-month stay at the orphanage summer boys camp in central Michigan. We slept in rustic cabins, swam, fished, hiked, and played every imaginable game, all with little or no adult supervision. Our regimented life carried over to summer camp where we became self-governed, with the oldest boys responsible for maintaining order. To this day, I feel immensely fortunate—blessed, even—for those blissful summers and the other never-to-be-forgotten times I had back at the orphanage in Cleveland.

And yet I would have traded it all to have remained with my mother. On Saturdays, during visiting hours, I cried and begged her to take me home. All I wanted was to be free like the other kids outside the orphanage. I did not dream of growing up to be a fireman, a truckdriver, or a ballplayer. I did not dream of excelling in school and going to college. I dreamt only of going home.

I felt different. I felt the outcast, not worthy and certainly not equal. Today, it might be said I suffered from self-doubt and low self-esteem.

Based on my experience, including the painful adjustment to life outside the orphanage, I would advise legislators wrestling with the welfare issue to look for alternative solutions. The orphanage is not a panacea to current-day societal problems. It is every bit as likely to continue the burden on society by disadvantaged children as under the current welfare system for the following reason:

In a modern-day orphanage, one could minimize regimentation, limit abusive punishment, and create a rich environment that encourages individual development, but you can never, ever do anything about the feeling of separateness, apartness—the feeling of not being like the other kids. In other words, the feeling of being an orphan.

A child who feels unequal will likely remain apart and not participate in the equal opportunity society and will, therefore, likely continue to be a burden on society. I can say only this: Once released from the orphanage and through the grace of God, I narrowly escaped life imprisonment for juvenile criminal offenses and became a productive member of society. Other orphans may not be so lucky. Many orphans, like myself, reenter society naive and gullible. Wanting to fit in and unable to think for ourselves after years of depersonalized living, we often fall prey to the worst elements in society and, once again, find ourselves institutionalized and dependent on society's largesse to survive. In this all-consuming debate, too little attention has been paid to what happens to orphans after they leave the orphanage.

Let us not adopt a policy of apartness for our disadvantaged families, strip children from their mothers and force them to live apart in orphanages. Adopt policies that channel fewer dollars to the disadvantaged if you must, but don't coerce apartness, don't break up the family.

Thank you very much, Mr. Chairman.

[The prepared statement follows:]

STATEMENT OF EDWARD ALLAN FAINE

THE ORPHANAGE: A LIFE APART

As one who spent six years, age seven to thirteen, in *The Cleveland Christian Home for Children*, I feel the current debate over orphanages misses the point. For me, orphanage life was neither a Dicken's dungeon nor a Hollywood "Boys Town." It was a life apart from the other kids who had parents and homes. Through all the rigors and occasional pleasures of orphanage life, I knew I could never be like the other kids on the outside. And that's what hurt the most.

My mother reluctantly placed me in the "Home" in 1945 because my father was no longer with us; because it was impossible for her to get a job when the returning GIs reclaimed their old jobs; and because the welfare system, unlike today, was inadequate to support a family for an extended period of time.

To be sure, orphanage life in the late 1940's was highly regimented and sometimes cruel. There was no privacy, no chance to find a quiet spot and simply daydream. We ate, slept, played and showered together. Boys were segregated from girls for the most part. We marched to school and church in formation, in side-by-side columns. People eyed us as if we were convicts or lepers. I felt like I had a big scarlet O on the front of my coat.

Punishment was dealt out regularly for the smallest infraction of the rules. A boisterous laugh during indoor playtime or a friendly tussle after a game of cards usually led to a paddle spanking that left my bottom stinging for days. Many a time I got clobbered across the face by the governess for not being fully dressed for the eight o'clock march to the dining room. The physical pain was easily withstood, not so the hurt inside, which lasted long after the tell-tale red marks disappeared from my cheeks. Lesser punishments, like the scrubbing and rescrubbing of floors, were reserved for minor infractions like improperly laced boots. As strange as it may seem, this part of orphanage life did not bother me. Perhaps I understood, somehow, that strict discipline was necessary in a situation where one governess managed thirty boys, ages six to twelve.

Orphanage life was impersonal. We owned or claimed nothing for ourselves. We shared everything. We wore donated hand-me-downs and, if one of us received a gift, it became community property, with one exception. Each year, we were asked to make a list of what we wanted for Christmas. Charity groups such as the Masons and the Knights of Columbus would then donate gifts. At the top of each orphan's list, including mine, was a ring -- the *one* gift that we could keep for ourselves.

Overall, we were treated the same, looked the same and behaved the same. Individual expression was discouraged for the sake of maintaining order. We were taught to fit in, to get along, and to sacrifice personal desires for the good of the group. In other words, we were depersonalized. At school I was known as a "kid from the home," often called "Home Kid," hardly ever by my real name.

But orphanage life had its good side, too. We ate family-style at oval tables for all our meals. For breakfast, we had hot cocoa and buckwheat pancakes dripping with syrup along with steaming bowls of cream-of-wheat. For lunch, we had peanut butter sandwiches and hambone bean soup. At supper, the table was laden with tureens overflowing with green beans and bacon, boiled cabbage, mashed potatoes and meat loaf. To this day, I still enjoy a simple meal of string beans and cabbage. Then, there were the special mornings when we were given bakery donated shipping boxes full of week-old jelly donuts and creme puffs and told to eat our fill. And I'll never forget the special suppers of fresh deer meat courtesy of the Highway Patrol who, as a matter of course, brought fresh roadkill to our kitchen.

We *always* had fun things to do. We read books, played cards and board games, ran around in our playground and, in warm weather, splashed about in our small swimming pool. Each year we went to the circus, courtesy of the Shriners, and to a major league baseball game courtesy of the Cleveland Indians. It was times like those that I felt like a privileged rich kid. But I would have rather been with my mother in the bleachers than with the kids from the home in the seats behind first base.

We frequently attended Father and Son banquets at local churches and lodges -- as orphans we were paired with bachelors for the evening. My bachelor dads always promised to come visit me, but they never did. We staged plays and musical reviews that townspeople came to see in droves. They were charged a fee, of course. Our theatrical productions raised needed funds for the orphanage.

But the most fun of all was the three-month stay at the orphanage summer boys camp in central Michigan on the shore of Big Lake Campbell. We slept in caboose-size rustic cabins, swam, fished, hiked and played every imaginable game from capture-the-flag to scavenger hunts, all with little or no adult supervision. Our governess disciplined, regimented life carried over to summer camp where we became self-governed, with the oldest boys responsible for maintaining order. To this day, I feel immensely fortunate -- blessed, even -- for those blissful summers and the other never-to-be-forgotten times I had back at the orphanage in Cleveland.

And yet, I would have traded it all to have remained with my mother. On Saturdays, during visiting hours, I cried and begged her to take me home. Later, she would tell me those were the worst days of her life. She wanted to take me home, of course, but she didn't have the money to do so. I was too young to understand what money had to do with it. All I wanted was to be free, normal and like the other kids outside the orphanage. I didn't dream of growing up to be a fireman, a truck driver or a ballplayer. I didn't dream of excelling in school and going to college. I dreamt only of going home.

I felt different. I felt the outcast, not worthy and certainly not equal. Today, it might be said I suffered from self-doubt and low self-esteem. At the time, I felt unequal -- a lonely forgotten child of a distant God.

Based on my experience, including the painful adjustment to life outside the orphanage, I would advise legislators wrestling with the welfare issue to look for alternative solutions. The orphanage is not a panacea to current day societal problems. It is every bit as likely to continue the burden on society by disadvantaged children as under the current welfare system, the so-called cycle of dependency, for the following reason.

In a modern-day orphanage, one could minimize regimentation, limit abusive punishment and create a rich environment that encourages individual development, but you can *never, ever* do anything about the feeling of separateness, apartness -- the feeling of not being like the other kids. In other words, the feeling of being an orphan -- the loneliest feeling in the world.

A child who feels unequal will likely remain apart and not participate in the equal opportunity society and will therefore likely continue to be a burden on society. I can only say this. Once released from the orphanage and through the grace of God or luck -- I know not what -- I narrowly escaped life imprisonment for juvenile criminal offenses and became a productive, fully tax-paying member of society. Other orphans may not be so lucky. Many orphans, like myself, reenter society naive and gullible. Wanting to fit in and unable to think for ourselves after years of depersonalized living, we often fall prey to the worst elements in society and, once again, find ourselves institutionalized and dependent on society's largesse to survive. In this all-consuming debate, too little attention has been paid to what happens to orphans after they leave the orphanage.

Let us not adopt a policy of apartness for our disadvantaged families; strip children from their mothers and force them to live apart in orphanages. Adopt policies that channel fewer dollars to the disadvantaged if we must, but don't coerce apartness, don't break up the family.

Mr. ENGLISH. Thank you very much.

We will recognize finally Jonathan Stein for his testimony.

**STATEMENT OF JONATHAN M. STEIN, GENERAL COUNSEL,
COMMUNITY LEGAL SERVICES, INC., PHILADELPHIA,
PENNSYLVANIA**

Mr. STEIN. Good afternoon, Chairman Shaw, Mr. English, Mr. Ford. My name is Jonathan Stein. I am general counsel at Community Legal Services in Philadelphia, where I have been a lawyer for 27 years representing poor and disabled adults and children. We are also the office that brought the *Zebley* case, which put the SSI Children's Disability Program, we believe, back on the right track after 20 years of denials of benefits to 600,000 children nationwide, denials which a very conservative Supreme Court, including Justices Scalia, Kennedy, and O'Connor concluded were in violation of the Social Security Act, mainly because it did not provide fair and realistic evaluations of disabled children, which disabled adults had received for many years before.

I was here last Friday, and I appreciated particularly the observations of Members of the Subcommittee, including yourself, Representative English, and other freshmen Members, that this is such a delicate area—we are talking about the very lives and health of 900,000 disabled children—that there is a need to be, I think, cautious and responsible and careful about going about making changes if changes, indeed, are needed in this program.

I am going to use my 2 minutes this afternoon to speak about the individualized functional assessment test, the test that some want to get rid of and which I think there is some real misunderstandings about.

This is a test that looks at the real life of the disabled child, not solely a medical test like an IQ test, to dictate what the evaluation and diagnosis and assessment should be. It did not flow out of the heads of a few lawyers or these conservative Justices on the Supreme Court. It came because the major medical organizations in this country—the American Medical Association, the American Academy of Pediatrics, the American Psychiatric Association, and others, as well as 31 States—believed and maintained to the Court that functional assessments of children was mainstream pediatric medicine. It is what doctors have been doing for years, looking at the whole child, all aspects of emotional and physical health. The Justices were shocked, that this SSI system for kids had been going along without using mainstream medicine that had been around for decades and denying very seriously disabled children, for example, with cerebral palsy and cystic fibrosis.

And so it is really the major medical groups of this country, in unanimity, who said that this was a test that should be used. It has not been an open door that has allowed normal and near normal kids to go in.

One fact that you might just recall is that since the new rules have been in effect, 900,000 children have been denied—almost 1 million children—have been denied under this functional assessment test. So it has not been an open door.

But what it has done, it has allowed children who were denied before to now get SSI; they were denied even though they had

Down's syndrome, mental retardation, cerebral palsy, cystic fibrosis, ailments that kill. These are children who were denied under the prior medical listings only test, and they are only getting SSI today because of this more holistic, realistic view of their conditions.

Just to make it real nitty-gritty, a cystic fibrosis child was tested under the listings only as a pulmonary disorder case. So for 20 years they looked at that child under the medical listings, and if the kid's lungs had been cleansed for 2 hours that day by a mother so the child could breathe decently, the child passed the pulmonary test and was denied SSI, even though a few years down the road that child might be dead.

Today, the cystic fibrosis child is evaluated not only on that pulmonary test, but also what is taken into account are the multiple hospitalizations, infections that come because of the mucous in the lungs, and the pulmonary cleansing that that child has to go through every day that makes that child's life anything but a normal kid's life.

In the written testimony you will receive, we give examples of the types of kids that were denied before this test and how this test is functioning today.

If that test were eliminated, in Pennsylvania 12,000 children would be terminated tomorrow. In Florida, 12,000 children would be terminated tomorrow. In Tennessee, 5,000 children would be terminated tomorrow. Nationwide, 225,000 children would be terminated if the functional assessment were ended as proposed.

We are not saying the test is perfect, and we would like to respond to Representative McCrery and others who have solicited from us this morning our views on changes that can be made. We think that in the area of behavioral disorders, which I think is really the heart of where some of these stories that have been circulating have come, a small minority of cases, we are very willing to look and think about a number of approaches that would make changes in evaluating kids.

Finally, we would also look to see how we can get some incentives in the program to improve a kid's health such as if a child does improve, continuing medical assistance for the treatment to help that kid continue to get better. Don't cut off Medicaid at that moment just when things are going well—maintain coverage so the improvement will be permanent.

So I think there are a number of scalpel-like, fine-tuning changes that are needed. We would be happy to work with the Committee to this end. I know the new Child Disability Commission has its first meeting tomorrow afternoon in Washington, and they are taking their work very seriously. But I think we need the careful approach that you, Representative English, and others have suggested, as opposed to a hatchet approach.

[The prepared statement and attachments follow:]

**TESTIMONY OF JONATHAN M. STEIN
COMMUNITY LEGAL SERVICES, INC.**

Thank you Chairman Shaw, Representative Ford and Members of the Subcommittee for this opportunity to supplement testimony I submitted last week for the January 27, 1995 hearing. My name is Jonathan M. Stein and I am General Counsel at Community Legal Services, Inc. in Philadelphia. Our office brought the Zebley national class action case that put the children's SSI program back on the right track after almost 20 years of denials of SSI to 600,000 children-- denials a very conservative Supreme Court in 1990 found in violation of the Social Security Act because Social Security was not providing fair and realistic evaluations of childhood disability as they had been doing for adult disabilities.

1. Background

Since the Rhenquist Court's 7-2 decision, our office has been deeply immersed in the monitoring of the SSI childhood disability program. We maintain and staff a toll free "800" number to answer questions from parents and others who have questions about the childhood SSI program or their cases in particular. We also have participated in the national Children's SSI Campaign, along with the Bazelon Center for Mental Health Law, the San Francisco Youth Law Center and Rural Legal Services of Tennessee. The purpose of this privately funded campaign,¹ complementing congressionally and court mandated national outreach campaigns, was to publicize the change in the program and encourage eligible families to apply. We are proud that our joint efforts have played a part in increasing new childhood SSI applications resulting in about 850,000 children receiving SSI benefits. With 1 to 1.5 million children estimated eligible, the program is still not reaching many disabled children.

We would estimate that through our hotline and outreach activities we have been in contact with 10,000 children and families alleging disabilities. Many of these children were unjustly turned down for SSI benefits (and the accompanying Medicaid) and have had their cases readjudicated. Ironically the impairments that led to their death were deemed not sufficiently severe to justify an award of SSI!

My colleague and Zebley national class co-counsel, Richard Weishaupt, spoke at your October 14, 1993 Subcommittee hearing of the 1990-1993 successful implementation history. At that hearing, in particular, you heard that about 135,000 children were added to SSI solely on the basis of readjudications of old denials, 1980-1990. This was a one-time phenomenon, which explains over 25% of the growth of those on children's SSI. (Note that about 145,000 readjudicated claims were also denied from this prior period.)² Also, significantly, in light of your hearing notice then asking for testimony on unconfirmed reports of alleged abuse in the program, you did not hear of even one case of a healthy or normal child improperly receiving SSI.

2. The Vital Importance of the Individualized
Functional Assessment Test

There unfortunately are misunderstandings afoot about the new Individualized Functional Assessment (IFA) test that now supplements the limited Childhood Listings of Impairments. (The IFA appears at 20 C.F.R. §416.924a, and the Listings at Appendix II, Part B of 20 C.F.R.). These misunderstandings are calling for the elimination of the IFA test with the result of eliminating all

¹ The Campaign has been funded by the Robert Wood Johnson Foundation, The Nathan Cummings Foundation, The Annie E. Casey Foundation and the Pew Charitable Trusts.

² Source: SSA Zebley Court Quarterly Summary Report, December 8, 1993.

SSI life-supports to 25% or about 200,000 disabled children on SSI.³

The IFA rather than having its origin amidst conservative Justices of the Rhenquist Court in the 1990 Sullivan v. Zebley decision really has its origin in mainstream pediatric practice in existence for years. It is a workable regulatory tool that has fairly and realistically assessed childhood disability. That it is not an open door to all is best shown by the SSA statistics that close to 200,000 child SSI claimants have been denied SSI since the new IFA rules have been in place.

The IFA test has allowed children with the most serious of disabilities - who we can all agree should be receiving SSI - to get SSI. They are suffering from mental illness and retardation (the most prevalent disabilities), cystic fibrosis, sickle cell anemia, AIDS, and cerebral palsy. Many of these children were so disabled that it is difficult to imagine how they could have been denied under any rational system. Here are just two examples:

A.W. is a teenager and resident of Dyersburg, Tennessee. Adam was sixteen months old when he spiked a 106 degree fever and had to be transported to Lebonheur Hospital in Memphis by helicopter. His parents applied for SSI in February 1980, but were denied. A.W. took seizure medication until age five. He experienced frequent periods of inattention in school, and IQ testing revealed serious problems with cognitive functioning, which a psychologist attributed to post-ictal dementia. In September 1993 A.W. was finally granted SSI.

A.F. is a twenty-five year old resident of Philadelphia who has suffered from cerebral palsy since birth. An SSI application was filed for him in September 1979 by his parents (now deceased), but was denied. Following his father's death, he reapplied for SSI and Social Security disabled child's insurance benefits in 1988. Although he was denied by the Pennsylvania state agency initially and on reconsideration, A.F. persisted with an appeal to an Administrative Law Judge who issued a favorable decision in August 1989, finding that he had major motor dysfunction involving both legs as well as mental retardation. A.F. requested Zebley review of his 1979 denial, and he was denied again. Only after A.F. requested reconsideration did he receive a favorable decision which will result in his receiving retroactive benefits for the period 1979-88.

To understand the IFA test one must first understand what the medical Listings-only test was before 1990. As the Rhenquist Court set forth, the Listings policies of SSA:

The Secretary explicitly has set the medical criteria defining the listed impairments at a higher level of severity than the statutory standard.... The reason for this difference between the listings' level of severity and the statutory standard is that, for adults, the listings were designed to

³ Elimination of the IFA test would terminate aid to the following disabled children in these states based on June 1994 enrollment figures:

Cal.	15,500	MI.	8,500
Conn.	1,100	Nev.	500
FL.	12,000	N.Y.	18,000
GA.	6,000	PA.	12,000
Iowa.	1,600	PA.	12,000
LA.	9,500	TN.	5,000
		Wash.	2,400

operate as a presumption of disability that makes further inquiry unnecessary.

When the Secretary developed the child-disability listings, he set their medical criteria at the same level of severity as that of the adult listings. . . .

Thus, the listing in several ways are more restrictive than the statutory standard. First, the listings obviously do not cover all illnesses and abnormalities that actually can be disabling. . . . When the Secretary published the child-disability listings for comment in 1977, he described them as including only the "more common impairments" affecting children. . . .

Second, even those medical conditions that are covered in the listings are defined by criteria setting a higher level of severity than the statutory standard, so they exclude claimants who have listed impairments in a form severe enough to preclude substantial gainful activity, but not quite severe enough to meet the listings level--that which would preclude any gainful activity. Third, the listings also exclude any claimant whose impairment would not prevent any and all persons from doing any kind of work, but which actually precludes the particular claimant from working, given its actual effects on him--such as pain, consequences of medication, and other symptoms that vary greatly with the individual--and given the claimant's age, education, and work experience. Fourth, the equivalence analysis excludes claimants who have unlisted impairments, or combinations of impairments, that do not fulfill all the criteria for any one listed impairment. Thus there are several obvious categories of claimants who would not qualify under the listings, but who nonetheless would meet the statutory standard.

Zebley, 110 S.Ct. 885, 892-93 (1990).

The Supreme Court went on to explain that:

For adults, these shortcomings of the listings are remedied at the final, vocational steps of the Secretary's test. A claimant who does not qualify for benefits under the listings, for any of the reasons described above, still has the opportunity to show that his impairment in fact prevents him from working. . . .

For children, however, there is no similar opportunity. Children whose impairments are not quite severe enough to rise to the presumptively disabling level set by the listings; children with impairments that might not disable any and all children, but which actually disable them, due to symptomatic effects such as pain, nausea, side effects of medication, etc., or due to their particular age, educational background, and circumstances; and children with unlisted impairments or combinations of impairments

that are not equivalent to any one listing--all these categories of child claimants are simply denied benefits, even if their impairments are of "comparable severity" to ones that would actually (though not presumptively) render an adult disabled.

Zebley, 110 S.Ct. at 894.

In a note the Court pointed out that:

Empirical evidence suggests that the rigidity of the Secretary's listings-only approach has a severe impact on child claimants. There are many rare childhood diseases that cannot meaningfully be compared with any of the listings. AMA Brief 6, 25 (it is unlikely "that any physician could make meaningful comparisons between extremely rare diseases and the set medical criteria listed by the Secretary"). Moreover, the listings-only approach disregards factors such as pain, side effects of medication, feeding problems, dependence on medical equipment, confinement at home, and frequent hospitalization, that vary with each individual case. A recent study prepared for the Department of Health and Human Services suggests that children with multiple impairments, young children who cannot be subjected to the clinical tests required by the listings criteria, and children whose impairments have a severe functional impact but which do not match listings criteria are often denied benefits. H. Fox & A. Greaney, *Disabled Children's Access to Supplemental Security Income and Medicaid Benefits* (1988).

A telling example of the effect of the listings-only approach is found in Wilkinson ex rel. Wilkinson v. Bowen, 847 F. 2d 660 (CA11 1987) (child with rare liver disorder causing severe swelling, food allergies, and fever, and requiring constant care and confinement at home, does not qualify for benefits because his impairment does not meet or equal the criteria for any listing); see also Zebley ex rel. Zebley v. Bowen, 855 F. 2d 67 (CA3 1988) (plaintiff Zebley denied benefits, despite evidence of congenital brain damage, mental retardation, development delay, eye problems, and musculoskeletal impairment, because his condition did not meet or equal any listing).

The disparity in the Secretary's treatment of child and adult claimants is thrown into sharp relief in cases where an unsuccessful child claimant, upon reaching age 18, is awarded benefits on the basis of the same impairment deemed insufficient to qualify him for child disability benefits

Zebley, 110 S.Ct. at 894, n.17.

This Committee should be informed of the children denied in the past without an IFA test. Below are representative examples of children with Down syndrome, severe hydrocephalus, mental retardation, uncontrolled diabetes, Hirschsprung's Disease, anorectal atresia, severe asthma, cystic fibrosis, attention

deficit hyperactivity disorder, spina bifida myelomeningocele, all denied under the medical Listings. They appeared in the September, 1989 Amicus Brief in the Supreme Court of the Children's Defense Fund, Cystic Fibrosis Foundation, Spina Bifida Association, Tourette Syndrome Association and other groups:

PERLA ACOSTA is two years old and lives in California. She has Down syndrome and is severely developmentally delayed. She functions in the nine to ten month level in speech and communication skills and at the fifteen to eighteen month level in other areas. Her school reports that, because of her severe delay in the area of communication, Perla can be expected to demonstrate a verbal IQ of 59 or below when she is old enough to test.

Perla has been denied SSI on the basis that she has to demonstrated a 50% delay in all areas of development as required by 20 C.F.R. Part 404, Subpart P. Appendix 1 ("Listings") §112.05A. (Determination dated January 26, 1989). Her request for reconsideration is pending.

KENYADA ALES is almost two years old and lives in Mississippi. She was born with severe hydrocephalus which occurs when cerebrospinal fluid can't exit the brain. In Kenya's case, a shunt was implanted to enable the excess fluid to drain from her head into her abdomen. In her first 15 months of life, Kenya suffered three shunt failures which required hospitalization and surgical intervention. Kenya shows signs of brain damage including developmental delays, hemiplegia, and vision problems, as well as symptoms associated with shunt problems including headaches, non-responsiveness, and abdominal tenderness.

Kenyada has been denied SSI benefits. An Administrative Law judge determined that her impairments do not meet or equal the childhood listings (Decision dated May 11, 1989). Her case is pending before the Appeals Council.

DAWN BOUCHER is nineteen years old and lives in Vermont. She reached majority during the time that her claim was on appeal. Therefore she is claiming child benefits for the period before she reached her eighteenth birthday and adult benefits for the period thereafter. Ms. Boucher suffers from borderline retardation but her adaptive functioning is consistent with the mild range of mental retardation. She also has learning impairments, a speech impairment, a mixed personality disorder with dependent and avoidant features, and an anxiety disorder. In addition, she suffers from depression, allergic rhinitis, headaches, and fainting spells.

The federal district court has denied Ms. Boucher's claim for child benefits but has remanded her claim for adult benefits to determine whether she can perform work that exists in the national economy. Boucher v. Bowen, No. 87-183 (D. Vermont Order dated July 20, 1988.) The court denied the claim for child benefits on the basis that her impairments do not meet or equal the Listing of Impairments. Under current regulations, Listings, §112.05C, her adaptive functioning level and her other impairments cannot be considered because her IQ score is above 69. Boucher v. Bowen, supra, Magistrate's Report and Recommendation (June 9, 1988).

CHERYL CAUDILL is fourteen years old and lives in Kentucky. She was diagnosed as diabetic in February, 1988. Over the following year she was hospitalized several times with uncontrolled diabetes. Her hospital stays ranged from a few days to a week or more. Even when she was in the hospital, the insulin therapy was inadequate to control the diabetes. She also experienced seizure-like symptoms and emotional problem. Cheryl has been denied SSI benefits and now has an appeal pending in federal court. Caudill v. Sullivan No. 89-180 (E.D. Ky. filed July 14, 1989).

SARA CHASE is four years old and lives in Vermont. She was

born with Hirschsprung's Disease, a congenital abnormality of the large bowel. By the age of three and one half months, Sara had been through two major surgeries. Since that time, she has had worsening problems of entero colitis, granuloma, severe cramping, malabsorption syndrome, and dysmotility disorder. She also experiences problems of fecal incontinence, abdominal distention, intermittent diarrhea, intermittent rectal bleeding, fissures, eating difficulties, appetite loss, and weight loss. In 1988 alone, Sara was hospitalized five times. In March of 1988, she was started on an enteral feed system by means of a naso-gastric feed tube. The feed tube must be in place 24 hours a day and is hooked up to an infusion pump at least three times.

Sara has been denied SSI twice on initial application. She is now pursuing her case through the administrative process.

JENNIFER COX is six years old and lives in Iowa. Jennifer suffers from anorectal atresia, an congenital anomaly of the bowel, which required her to have a colostomy. Additional surgery resulted in relocation of the anus and closure of the colostomy. However, she has continuing difficulty with constipation and bowel dysfunction, and further surgery has been recommended. She currently requires daily enemas, suppositories, and adherence to a strict diet to enable her to have bowel movements. In addition, Jennifer suffers from chronic urinary tract infections and is unable to sense when her bladder is full. As a result of these problems, Jennifer is not yet toilet trained. She also suffers from Duane's syndrome, an eye muscle deficiency, which prevents her from moving her eyes to look to either side. As a result, she lacks peripheral vision. Her mother reports that she must constantly lean sideways to see and that she runs into walls because she cannot see them.

Jennifer has been denied SSI benefits. An Administrative Law Judge determined that her impairments did not meet or equal the listings. He said that her case must be judged solely on the objective medical evidence and not on other factors, which are applicable only to adult determinations. (Decision dated December 28, 1988.)

BLAKE DEWITT is 13 years old and lives in Texas. Blake suffers from asthma, obesity, and childhood migraine. In 1981, after he began taking Prednisone, a cortisone-like anti-inflammatory medication, he began to gain weight very quickly. In 1986, his physician concluded that he was unable to engage in any strenuous activity because of congenital tracheal malacia and acute asthmatic bronchitis with chronic lung disease. Blake's blood pressure has risen as high as 190/110, and he has suffered severe headaches, vertigo, hypertensive encephalopathy, and nose bleeds. Blake has continued to gain weight, and at the time of his hearing before an Administrative Law Judge, at age eleven, he weighed 241 pounds.

Blake was found to be disabled from June 13, 1978 through December, 1982 but has been denied SSI benefits on reapplication for benefits filed January 1, 1984. His appeal is pending in the Court of Appeals for the Fifth Circuit, Dewitt v. Sullivan, Case No. 89-5559.

RICHARD DOONE is seven years old and lives in Pennsylvania. Richard suffers from asthma, which was diagnosed in 1984. By the time his case was submitted to the Appeals Council in 1988, Richard had been hospitalized six times and had received emergency room treatment twenty times. He has been using a breathing machine for several years, and at the time of his hearing, he was using it four times a day for one half hour each time. He is taking Slobid,

Alupent, and Predatson, and has required parenteral⁴ medication during his asthma attacks. Richard missed 67 days of his eight month preschool program during the 1986-87 school year, and 21 out of 103 class days in kindergarten the next year.

Richard has been denied SSI. A vocational expert concluded that Richard is disabled because of the frequency of his asthma attacks and because he required home nebulizer treatments to maintain adequate ventilation. However, the Administrative Law Judge determined that Richard did not meet the Listing of Impairments because the rate of hospitalization had decreased recently and because his medical condition between hospitalizations was not sufficiently severe. (Decision dated March 23, 1988). Richard's case is now before the Appeals Council.

YOLANDA DOWDY is thirteen years old and lives in Pennsylvania. Yolanda is in an EMR (Educable Mentally Retarded) class at school. Although her full scale IQ is in the upper range for EMR students, her academic achievement is in the lower range. Her language development and communication skills are extremely deficient. She wets and soils herself during the day at school. At home she is unable to do age appropriate tasks such as doing the dishes and taking out the garbage. She has also exhibited antisocial behavior.

Yolanda has been denied SSI benefits. She is awaiting the outcome of her June 15, 1989 hearing on remand from the Appeals Council.

AMY GIFFORD is eight years old and lives in Vermont. She has a full scale IQ of 71, and she demonstrates significant delays in visual-motor abilities, visual-perceptual abilities, language skills and articulation. Unlike children with mild retardation who do not have other problems, Amy needs to be helped with self-care skills, particularly bathing, toileting, and dressing herself. She is unable to match clothing and to consistently brush her hair. Her ability to retain information is limited. She does not understand money and is not able to tell that there are five pennies in a nickel. She is unable to add simple numbers without counting on her fingers.

Amy also has a speech impairment, which, in combination with her memory difficulties make conversation difficult. She has developed some behavior problems, possibly as a result of frustration in communication. School records indicate that she also suffers from hyperactivity and inattention. She finds it difficult to stay on task, wanders around the room, and becomes easily frustrated with lengthy problems.

Amy has been denied SSI benefits. The initial denial acknowledged that she had learning problems but concluded that her impairments were not severe enough to meet the special medical requirements for child's disability benefits. (Determination dated September 19, 1988). Her case is now pending before an Administrative Law Judge.

LAWRENCE GREATHEART is almost eleven years old and lives in New York. Lawrence suffers from a severe form of asthma with numerous allergies. He requires specialized treatments in the form of inhalation therapy, asthma medications taken by mouth and by injection, a special diet, and chest physiotherapy, including chest percussion and postural drainage. He also requires humidification and air conditioning. Lawrence was hospitalized repeatedly until his mother was able to obtain a nebulizer a few years ago. He is subject to frequent headaches and gastro-intestinal disturbances related to side effects of the medication he receives.

⁴ "Parenteral" refers to medication administered by injection.

Lawrence is unable to tolerate the public transportation system because he reacts to dust, mildew, and dirt with bronchial spasms. He can't tolerate being out in cold or damp weather for extended periods or when the pollen count is high or the air quality is poor without severe respiratory compromise. He has also been diagnosed as emotionally unstable and is undergoing weekly therapy at a mental health clinic. His school attendance is irregular, with excessive absences. He missed 53 days during the last school year. He has a decreased activity tolerance and cannot participate in most typical activities with his peers without allowing for frequent rest periods.

Lawrence and his family are living in a substandard apartment due to lack of funds. They have frequent problems with water leaks and flooding which leads to the growth of mold and mildew. Spores from the mold and mildew have triggered asthmatic reactions in Lawrence.

Lawrence has been denied SSI on initial application and reconsideration because his condition, though severe, is not disabling according to the Listings standards for minor children.

VALERIE HARTWELL just turned 18 and lives in Vermont. She is claiming children's benefits for the period from September, 1985, when she filed her most recent claim, through her eighteenth birthday on June 25, 1989. Valerie was diagnosed as suffering from cystic fibrosis when she was five months old. She is treated with pancrease, a pancreatic supplement, to aid digestion; with a special diet; and with chest therapy twice a day to expel the mucus that builds up in her lungs. She has had to be hospitalized frequently when her condition deteriorates, primarily due to serious respiratory complications that require parenteral antibiotic treatment. Her hospital stays last from a few days to a week or more. After discharge, she undergoes intravenous therapy at home for another week.

Ms. Hartwell has a chronic cough which causes frequent gagging and vomiting. She is particularly susceptible to colds and bronchial infections and often has to take antibiotics to avoid more serious illnesses. At age eight, she was diagnosed as suffering from asthma and allergies. As a result, she must use an inhaler four to six times a day and must take Prednisone every other day. The asthma has exacerbated the pulmonary problems caused by the cystic fibrosis, and Ms. Hartwell suffers weekly asthma attacks which often occur at night causing her to lose sleep.

Ms. Hartwell is allergic to many substances including cigarette smoke, dust, mowed grass, strawberries, carrots, and bees. She continues to be treated for pancreatic insufficiency and to suffer gastro-intestinal distress which causes weekly diarrhea, constant gas and bloating, and frequent stomach pains. In addition, scoliosis was diagnosed in 1984. This condition causes back pain and prevents her from lifting heavy objects. She is being treated for the scoliosis with prescribed exercises and with clinical treatments; however, she finds that she cannot do the prescribed exercises consistently due to her asthma and cystic fibrosis. In 1985, diabetes was diagnosed. At the time of her hearing before the Administrative Law Judge, Ms. Hartwell was taking over 40 prescribed medications daily. Although Ms. Hartwell was granted SSI benefits at an early age, the Secretary terminated her benefits when her condition improved. She was denied benefits twice in 1983 and again in 1985. She appealed the last denial through the administrative process and the federal court. Her claim has now been remanded for further administrative proceedings. Hartwell v. Sullivan, No. 88-74 (D. Vt. Remanded May 4, 1989).

TERRY BOUCK, is fifteen years old and lives in Wisconsin. He suffers from mental retardation, attention deficit disorder, and minimal brain dysfunction. He is taking Ritalin for hyperactivity.

In addition, Terry is very aggressive, has difficulty relating to his peer group, and spends much time alone and withdrawn. He attends classes for children with learning disabilities, but finds school to be a struggle. Recently, doctors have determined that Terry suffers from scoliosis, that his right leg is slightly longer than the left, and that he has pelvic tilt.

Terry has been denied SSI benefits and has exhausted all levels of administrative review. He is the plaintiff in a federal district court action which has been stayed pending this outcome of this case. Houck v. Sullivan, No. 88-C-1225 (E.D. Wisc. Stay entered May 24, 1989).

SHAWN KELLER is eleven years old and lives in Pennsylvania. Shawn suffers from attention deficit disorder, with hyperactivity, mental retardation, learning problems, and a slight speech impediment. His intellectual development has been measured within the borderline range, with a Verbal Score of 70, a Performance Score of 77, and a Full Scale Score of 72. Shawn has demonstrated a delay in visual-motor coordination and low psycholinguistic abilities. He attends EMR special education classes, and despite compliance with a medication regimen, Shawn has periods of increased hyperactivity when his classroom behavior is unacceptable. He has a short attention span, has difficulty in following directions, and requires one-on-one attention to keep on task.

Shawn has been denied SSI benefits. The Administrative Law Judge found that Shawn did not meet the listings because his lowest IQ score (70) was above the level required by the listings (669). Listings, §112.05C. He also found that the attention deficit disorder did not meet the level of severity required by the listings. (Decision dated November 29, 1988.) Shawn's case is pending before the Appeals Council.

MONISHA SMITH is ten months old and lives in California. She has spina bifida myelomeningocele. She was born with a sac which contained her spinal cord and its enveloping membranes protruding from her spine. This sac was repaired and covered immediately after her birth. A shunt was implanted to drain cerebrospinal fluid from the brain down into the abdominal cavity. She has experienced one shunt failure which required surgery. The spina bifida has resulted in some paralysis which affects her legs so that she is not yet able to crawl. The paralysis has also affected her bowel and bladder, and as a result, Monisha requires digital stool removal and catheterization every two hours.

Monisha is developmentally delayed in all areas. She receives occupational therapy in her home twice a week, and in the interim, her mother implements an infant stimulation program. In addition, her complex of problems requires visits to doctors at least once a week. Monica's mother, a single parent, has not been able to return to work because of the care that Monica requires.

Monisha has been denied SSI. She does not meet the listings for congenital abnormalities, because spina bifida is compatible with life outside the womb and because she can be expected to function above the two year old level. Listings, §110.08. She does not meet the neurological listings, because her paralysis has not yet interfered with age appropriate activities. Listings, §111.08A. She does not meet the listing for mental disorders because she cannot demonstrate a delay of 50% or more in all areas of development. Listings, §112.05A.

JEANNETTE TOOMEY is five years old and lives in Pennsylvania. Jeannette suffers from severe hyperactivity, a mild expressive speech delay, and delayed fine motor skills. Although she receives an unusually high dose of Ritalin, she manifests unmanageable, disruptive, impulsive, and hyperactive behavior. In fact, the Administrative Law Judge commented on her uncontrolled behavior on

the day of her hearing when she left her chair, climbed under the examining table, moved constantly about the room, and set off a fire alarm. Nevertheless, Jeannete has been denied SSI benefits. The Administrative Law Judge found clear evidence that she suffers from psychological impairments and behavior problems, but he concluded that these impairments did not satisfy the criteria of the listings. (Decision dated February 15, 1989.)

KENDRA WHALON is two years old and live in Texas. She suffers from Klippel-Trenaunay-Weber syndrome, a rare condition that produces a crippling growth disturbance on her left side. Her left arm is now twice the size of her right arm and colored with a birthmark-like stain. When she was 13 months old, her treating physician concluded that the condition will worsen with time, causing functional motor impairment, reduction in mobility and possible respiratory difficulties. At that point, the impairment had caused spinal curvature and loss of lung volume. In 1988, a consulting neurologist noted that Kendra was not able to use her arm at all before she started to receive physical therapy. He concluded that Kendra's overall prognosis is not good because the arm will keep growing enormously in size. He also indicated that surgery may be necessary in the future.

Kendra has been denied SSI benefits, and her case is now pending at the Appeals Council. In denying her initial claim, the evaluator noted that Kendra may need special care and continued doctor's treatment but concluded that she was still too young to evaluate developmentally. (Determination dated December 14, 1987.) The Administrative Law Judge also found no doubt that Kendra will need regular medical care but concluded that because of the lack of findings at the listings level, he could not make a finding that she was disabled. (Decision dated November 29, 1988).

In Zebley it was the American Medical Association (AMA) and American Academy of Pediatrics (AAP) that explained how a functional assessment of these children could provide SSA with a fairer, realistic evaluation that was in accord with mainstream medicine. There two leading medical groups stated:

The pediatric literature is replete with examples of the importance to pediatric medicine of functional assessments. In the area of pediatric research, assessments of children's cognitive, emotional, social and physical condition are routinely analyzed through research into children's play. . . . In addition, pediatricians routinely include among the goals of treatment of any childhood disease, as well as management of its symptoms, "help[ing] the child perform ordinary daily age-appropriate activities."

The view that proper study or treatment of pediatric illness and injury must include an assessment of the child's functional capacity to perform age-appropriate activities is well accepted in the medical community. This view takes on special importance when the physician is called upon to assess a child's condition according to the severity of his or her medical condition. The biological severity of an illness is an abstraction, measured only by proxies, the most familiar of which are physiological severity, functional severity and burden of illness. . . . Physiological severity may be greatly altered by therapy and social circumstances. For instance, emotional stress can exacerbate the physiological

severity of several fairly common childhood diseases, including asthma, inflammatory bowel disease, juvenile rheumatoid arthritis and diabetes. Partly for this reason, disease-specific measures of physiological severity are often questionable, and there is general agreement that such measures are of little use in children with, inter alia, rare conditions or multiple disorders. Consequently, there is no way meaningfully to separate a clinician's functional assessment from medical diagnosis and treatment of many childhood disabilities and any attempt to do so distorts proper medical practice.

AMA and ACP Amicus Brief, pp. 4-6.

The medical groups explained why good pediatric practice requires individualized assessments and not listings, cookie-cutter like judgments:

Pediatricians widely agree, for several reasons, that effective diagnosis and treatment of childhood disability, or of potential disability in the case of the child "at risk," requires the exercise of individualized medical judgment....Because there are so many rare diseases of childhood, it is unlikely that any individual physician, who will see only a few, if any, such cases in a lifetime of practice, will become expert in the diagnosis or treatment of many rare childhood diseases. The nature of childhood disease thus emphasizes the need for a careful and comprehensive assessment of each individual child.

Second, an individualized assessment of disability is important because individual variables have a significant impact on the child's overall condition and development. An individualized assessment is essential in order to make adequate diagnoses and treatment plans. Finally, as discussed above, pediatric medicine serves a developmental as well as a treatment-of-illness purpose. Adequate assessment of a child's condition at any given time necessarily includes a broad view of his or her functional abilities across a range of developmental dimensions. To draw together the disparate evidence needed to make a competent and comprehensive diagnosis and treatment plan, the physician must give careful attention to each child's individual circumstances and functional abilities.

The AMA and AAP Concluded:

There is no basis in sound medical practice for the Secretary's suggestion that childhood disability can properly be determined based solely on "medical" factors that do not include functional considerations beyond those the Secretary has chosen to incorporate in a given Part B listing....Because of the central role that development plays in the medical evaluation and treatment of children, comprehensive functional assessments are an integral part of a physician's evaluation of every child. In fact, it is not only feasible

to include functional considerations in making a medical assessment of a child's disability; it is absolutely essential.

* * *

The medical profession does not treat patients as items in categories based strictly on diagnostic tests and symptoms and neither should the Secretary in deciding whether any medically determinable impairment is comparable to another. Instead, medicine considers functional ability in deciding what treatment to pursue and so should the Secretary of HHS in deciding whether benefits should be awarded

AMA and AAP Amicus Brief, pp. 21-22, 29.

In addition, the nation's leading organizations of mental health professionals similarly concluded that the functional assessment was critical for children. Thus the Amicus Brief of the American Psychiatric Association, American Academy of Child and Adolescent Psychiatry, Association for Retarded Citizens of the United States and others, stated:

In determining the extent of a child's disability, there is no substitute for individualized functional assessment. Just as for adults, in assessing the overall impact of a development or behavioral impairment, mental health and mental retardation professionals attempt to assess the overall impact of the child's developmental, medical and behavioral problems on his day-to-day functioning in a variety of settings. The goal is not merely to provide a medical label for the child's problems, but to discover his needs and limitations. The critical assessment is to determine how his impairments limit his ability to function and ascertain the assistance necessary to meet the needs thus created. This is because a given diagnosis or medical evaluation, by itself, cannot necessarily specify any particular level of disability or course of treatment.

Amicus Brief at p. 21.

The IFA test in place today was established after a year's study and input from the public and a blue ribbon panel of leading professionals in the nation. It looks at developmental progress for young children and impacts on domains of functioning (e.g. cognitive, motor, communication, etc.) for older children, and for older adolescents, a test that approximates an ability to work test for young adults. See 20 C.F.R. §416.924a.

Whereas in the past a cystic fibrosis child would be typically denied under the Pulmonary Listings, because hours of pulmonary cleansing by a parent that day of testing meant that a child "passed" the breathing test given for pulmonary disorders, now the IFA test requires SSA to make a realistic evaluation taking into account what might also co-exist as frequent lung infections and hospitalizations; hours of daily pulmonary cleansing adversely impacting on the child's normal life; and other factors showing a child with a very serious, life-threatening chronic illness that should qualify for SSI.

The attached decision from Hawaii applying the IFA test to a young hemophiliac child, Justin, illustrates how without "joint

deformity" the child does not "meet" the Listings for coagulation disorders. He is disabled because of a combination of the severity of the medical condition (chronic problems related to hemophilia) and significant functional limitations, including repeated swelling of the joints making it difficult to walk and play with others, and precluding his developing normal social interactions and peer relationships. The IFA test allows SSA to look not only at Justin's physical, medical problem, but also the psychiatric damage resulting from a child's struggle with debilitating hemophilia. See decision attached as Appendix A.

The IFA test may not be perfect, and certainly its fine-tuning can be the subject of the Childhood Disability Commission's deliberations. But we cannot go back to the pre-Zebley days with no IFA test present.

3. Avoiding SSI Child Disability Myths

MYTH #1: Families with disabled children don't need supplementary income; they only need medical care and health related service.

SSI has a stringent financial means test (e.g. with a \$2,000 maximum asset or resource limitation) so that only low income families can qualify. Parents seeking SSI generally have very real financial needs, many not strictly medical, with representative examples listed below. Studies have shown that the presence of a disabled child in the house often leads to a wage earning parent having to give up employment to stay at home caring for the child, substantially reducing income for the entire family, including the disabled child. The average \$412 a month grant, although of significant benefit to the needy child, rarely lifts the family out of poverty. The grant is essential to provide an adequate level of necessities of life, i.e. food, clothing and shelter, as well as the child's extraordinary daily expenses or disability related expenses.

Those who would abolish the SSI grant have little idea of how vitally important SSI cash grants are to hundreds of thousands of families. For them, SSI covers the cost of:

- . Over-the-counter nutritional supplements for a teenager with a degenerative neuromuscular disorder that makes it difficult for him to eat enough to maintain a healthy weight.
- . The day care given for a very young grandchild whose medical condition requires 24 hour a day supervision, but both of whose parents must work to support the family.
- . A membership in the YMCA for child with a disability so that he can have some fun and a positive social experience.
- . A special computer for a ten year old girl with cerebral palsy who cannot speak, enabling her to communicate not only her basic needs, but also her thoughts and ideas with her friends and family.
- . Three-digit monthly electric bills for a family whose child can breathe only with the help of a respirator 24 hours a day. The family also used its SSI check to pay for a back-up generator that must be ready to kick-in if the electricity fails.
- . Water bills for above average bathing and laundry usage.
- . Weekly supplies of adult diapers so that a child who is

incontinent can attend school.

A behavioral aide to enable a child with serious emotional challenges to take part in an after school recreation program with her friends, an option she could not access without assistance.

Fees for specially trained child care providers (respite care) so that the parents can see a movie and leave their child with mental retardation at home in competent hands.

Monthly payments for a used van with a wheelchair lift so that a rural mother can drive her child three times a week to physical therapy sessions at a clinic 45 miles away.

Tutoring services to assist a child with a disability who is having difficulties in school.

Additional family support services such as counseling for a family stressed by a child with serious emotional or physical challenges.

Telephone calls to medical providers, pharmacists, social service providers and schools.

Public or private transportation costs for numerous trips (often long distances in rural areas) to obtain medical treatment and services.

Adapted clothing (e.g. replace buttons with velcro fasteners, specially fitted shoes, modify openings or specially designed clothing for persons with limited movement).

Clothing, laundry and household cleaning supplies (e.g. children who require frequent clothing changes or whose disability requires more frequent household cleaning).

Specially equipped vehicles to transport children who use wheelchairs.

Home repairs (e.g. special safety equipment such as protective coverings for kitchen appliances, extraordinary wear-and-tear from wheelchairs).

Home modifications/adaptations including environmental control equipment (e.g. widen doorways, change doorknobs to levers, add ramps, modify controls and switches, install bathroom railings and special bathing and toileting equipment).

Personal assistance services (including wages and taxes).

Services and repairs for assistive technology (e.g. wheelchairs, prosthetics, hearing aids).

Adapted toys and learning materials (e.g. special tricycle for a child with a physical disability).

Assistive technology for school homework (e.g. computers with voice output, touch screen or modified keyboard).

Special telecommunication services/devices (e.g. TTY).

Co-payments and deductibles for routine medical visits, specialty consultations, medication, biological products, physical/speech/occupational therapy, orthotic devices and wheelchairs customized for children not covered by

Medicaid, private insurance or school districts.

Over-the-counter items not customarily paid for by public or private insurance such as creams for skin conditions, diapers for older children, wigs, special formulas/items for managed diets.

The list could go on. Every family makes a different decision based on what they need in order to keep their child at home. The abolition of cash grants, or alternatives proposed like block granted services or vouchers would mean that the variety of essential non-medical needs of these children would go addressed.

MYTH #2: Children with minor behavioral and other problems can now get SSI disability. It is too easy to qualify for SSI children's disability benefits.

Children with minor problems cannot qualify for SSI. Indeed, the new rules have added an evaluation step to screen out children with non-severe impairments, with only "minimal" or "slight" impacts on functioning, very early in the assessment process. The new rules only permit children to qualify who have severe mental or physical impairments having "substantial" adverse impacts on age appropriate activities. See 20 C.F.R. Section 416.924a.

Since the new rules took effect in Feb. 1991, half the children claiming SSI have been denied, with denials nationally totalling over 800,000 to date. Since that time allowance rates have sharply fallen, so that today 2 of every 3 children applying for SSI are denied. The system does work to keep out children with minor problems.

SSA's three sets of Quality Assurance reviews (at the state, Regional and Headquarters levels) of allowances to children have shown a very low error rate, one comparable or lower than that of adult decisional error rates.

Finally, there is a discernable bias among a number of people who think that children with various serious behavioral disorders are simply "bad" kids with nothing medically wrong with them. This bias is quite real, and needs to be addressed with education about the medical origins of behavioral disorders.

MYTH #3: The children's SSI program is out of control as shown by the rapid growth of the program.

A number of understandable factors explain why more children are receiving SSI now:

The GAO has found that 70% of the increase was not due to Zebley but due to children with the severest mental disorders meeting the Listings of Impairments, revised in 1990 upon congressional mandate;

Intensified, unprecedented governmental and foundation-funded national outreach campaigns to reach families and professionals serving them;

The Zebley court-ordered re-adjudication of over 453,000 past denials (of which about 135,000 have been found to have been wrongfully denied);

With the recession in the early 90's, more children were in

poverty and thus income eligible for the program;

And the new Zebley rules, which are for the first time fairly evaluating seriously impaired children.

Major decreases in allowance rates now indicate major declines in growth.

The program's total enrollment of some 850,000 children better reflects the eligible disabled child population. In 1989 it was estimated by the Bazelon Center for Mental Health Law that there were 1 to 1.5 million children eligible for SSI.⁵

MYTH #4: Parents are "coaching" children to fake disability. Parents are abusing the system to enrich themselves.

The only thorough investigation of this allegation has been a detailed look in May 1994 at 617 child behavior disorder cases by SSA which did not find one case of alleged "coaching" resulting in a SSI allowance. "Possible coaching" was present in but 13 of the 617 with none of the 13 leading to an improper allowance.

Zebley counsel, who through an "800" number talk to thousands of parents around the nation, have not seen any corroborated instances of successful chicanery. Advising poorly educated parents about the SSI program's rules is not improper "coaching," but appears to be described as such by some hostile to the program. This "myth" assumes that it is easy to dupe trained disability examiners. Disability adjudicators look to multiple sources, not any one person, to establish eligibility. By obtaining evidence from physicians, psychiatrists, psychologists, social workers, teachers, therapists, and guidance counselors, and lay people, including SSA's own doctors, SSA's rules provide safeguards to prevent this from occurring.

Examiners look to evidence over a long period of time, further minimizing the impact of one test or one day's behavior. Further, those doing testing like psychologists, are trained to detect feigned symptoms. Recently SSA has established a special "800" number for people to report anonymously alleged coaching.

MYTH #5: Retroactive and ongoing awards are being misspent by parents, and not used for the child's benefit.

Here again, after speaking to great numbers of parents who have received large lump sum awards, we do not see a pattern of abuse. Parents are spending the monies on the material and medical needs of the child. Indeed, they are legally required to tell SSA how they spent the money.

There are non-SSI people who, in the 1991-1993 period, observed SSI parents, with little income, spending monies of large amounts in a short period of time. But this is understandable as the one-time, retroactive grants averaged \$10-15,000 and federal law almost compels spending in 6 months. Under a very inequitable provision in the law (and not anticipating Zebley awards), 6 months after a lump sum is received, anything remaining is counted as a "resource" to disqualify future receipt of any SSI. Since the qualifying maximum allowable resource amount is only \$2,000,

⁵National Health Interview Survey data of children meeting SSI's criteria confirm this estimate. (See Issue Brief, No. 661 of Nat'l Health Policy Forum, Jan. 1995). Other data suggest the number might be considerably higher. See Cedarbaum, "Policies for Children With Disabilities, Connecticut, Virginia and Some National Trends," pp. 8-9 (Draft working paper for Disability Policy Panel of National Academy of Social Insurance, Jan. 1995).

federal law unfortunately gives parents an incentive to spend down within 6 months.

Rather than blaming parents, we should be seeking to amend the 6 month provision, to allow the money to be set aside for the child's future needs. Now, only a legally complicated trust, requiring an attorney, can be used to safeguard the money for the future instead of an easily established, specially designated bank account.

If any parent is in fact abusing their duty to spend monies for the child, SSA will remove the parent as a "representative payee" for the child and find another responsible agent. (About 10-15% of rep. payees are not parents.) This remedy can be utilized to address any such problems in individual cases.

Zebley Class member

APPENDIX 'A'

NOTE TO PROCESSING CENTER
FURTHER ACTION NECESSARYDEPARTMENT OF
HEALTH AND HUMAN SERVICES
Social Security Administration
OFFICE OF HEARINGS AND APPEALS

DECISION

IN THE CASE OFCLAIM FORJustin K.
Sandralee , bySupplemental Security Income
(Child)

(Claimant)

(Wage Earner)

(Social Security Number)

STATEMENT OF THE CASE

The record shows that on July 10, 1991, Ms. Sandralee, the mother of Justin K., the claimant in this case, requested review of the claimant's eligibility for supplemental security income under the revised disability evaluation and determination process for supplemental security income claims of children based on disability. The revisions were designed to comply with the February 20, 1990, U.S. Supreme Court ruling in Sullivan v. Zebley, 110 Sup. Ct. 885 (1990). On November 18, 1991, the claimant's mother formally reapplied for supplemental security income on behalf of Justin. The claim was deemed protectively filed as of the filing date of the original application for supplemental security income, February 10, 1993. The claim was denied initially in a notice dated April 23, 1992 (Exhibit 14) and upon reconsideration in a notice dated October 29, 1992 (Exhibit 17). A timely Request for Hearing was filed on December 18, 1992 (Exhibit 18).

After due notice, a hearing was held in Honolulu, Hawaii, on March 11, 1993. The claimant did not appear at the hearing. Ms. was present at the hearing and testified. The claimant was represented by Mr. Philip Ana and Ms. Marion Poirier, non-attorney representatives.

The issue before the Administrative Law Judge is whether the claimant is disabled under section 1614(a)(3)(A) of the Social Security Act. The specific issues are whether the claimant, a child under the age of 18, is under a "disability" and, if so, when such disability commenced and the duration thereof.

The Administrative Law Judge has carefully considered all the documents identified in the record as exhibits, the testimony at the hearing, and arguments presented. It is the conclusion of the Administrative Law Judge that the claimant is under a disability within the meaning of the Social Security Act, which commenced on November 6, 1982, as alleged.

EVALUATION OF THE EVIDENCE

The claimant, Justin K. , was born on October 11, 1981. He is presently 11 years old. Disability is alleged based on hemophilia.

The Social Security Act provides that a child under age 18 will be considered disabled for purposes of eligibility for supplemental security income if the child suffers from any medically determinable physical or mental impairment of comparable severity to that which would make an adult disabled.

{ To meet this definition, a child's impairment or combination of impairments must be so severe that the child is not only unable to do past work, but cannot, considering age, education, and work experience, engage in any other kind of substantial gainful work which exists in the national economy.

As defined in the regulations, "comparable severity" means that a child's physical or mental impairment so limits the child's ability to function independently, appropriately, and effectively in an age-appropriate manner that the impairments and limitations resulting from it are comparable to those which would disable an adult. Specifically, the impairment must substantially reduce the child's ability to grow, develop, or mature physically, mentally or emotionally and, thus, to attain developmental milestones at an age-appropriate rate or engage in age-appropriate activities of daily living and self care, including areas of play, recreation, and sports, school and academics, in vocational settings, and among peer and family relationships, or acquire the skills needed to assume roles reasonably expected of adults.

The medical evidence in the record of this case shows that the claimant was found to have a bleeding disorder at approximately

six months of age. He required hospitalization on November 6, 1982 when he developed a hematoma on his forehead which increased in size with repeated trauma. He was discharged on November 9, 1982 (Exhibit 8). Between April 17, 1983 and December 29, 1987, Justin was seen more than 30 times in the emergency room, more than 25 times for bruises or other minor injuries sustained in falls or other similar accidents. He was treated with Factor 9, which controlled his bleeding (Exhibit 9). His treating physician, Robert W. Wilkinson, M.D., reported on November 12, 1991 that since August 1982, when the claimant came under his care, Justin has had approximately 60 visits to his office for hemophilia-related problems; i.e., joint bleeds, hematomas, and other pediatric problems; i.e., colds, flus, viral pneumonia, ear infections, and gastroenteritis (Exhibit 35).

The claimant's mother has been taught to administer Factor 9 concentrate, which has helped to reduce the number of emergency room visits which the claimant requires. The claimant now self-administers his medication while attending school, with some assistance from his mother (Exhibit 37).

Based on the foregoing, the Administrative Law Judge finds that the claimant has a severe impairment which imposes more than minimal limitations on Justin's ability to function in an age-appropriate manner. The claimant's impairment, while severe, is controlled by treatment with Factor 9. There is no evidence in the record of joint deformity. The claimant's impairment, therefore, does not meet Listing 107.08, Appendix 1, Subpart P, Regulations No. 4, pertaining to coagulation disorders in children. The record does not include other medical findings or impairments which would substantiate a finding that the claimant's impairment equals in severity Listing 107.08 or any other listing in Appendix 1.

Although Justin's impairment does not meet or equal in severity Listing 107.08 of Appendix 1, he has significant functional limitations due to his impairment. The claimant's mother testified that five or six times a month, all of Justin's joints swell. He uses ice packs and injections of Factor 9 concentrate to reduced the swelling. The swelling most frequently affects the claimant's ankles, making it difficult for him to walk. As noted by the claimant's elementary school counselor, Justin is not able to participate fully in activities such as physical education and recess games because of his hemophilia. Because he is either excluded or must participate in an adaptive form in activities which would be "normal" for his school peers, his social interactions and peer relationships, as well as Justin's self esteem, have suffered. He is described as "immature, often interacting inappropriately with peers and adults and lacking

personal responsibility." He has not reported injuries to himself and has reacted negatively to classmates and others, aware of his condition, when they report these injuries.

The claimant is under the care of a psychiatrist, Patrick A. Norman, M.D. Dr. Norman sees Justin for therapy several times a week. Dr. Norman reported on March 2, 1993 that he has known Justin for more than six years and supports his appeal for supplemental security income. Dr. Norman describes socially inappropriate behavior on Justin's part, sensitivity to peer pressure, and rebellious behaviors at home (Exhibit 40).

Based on the foregoing, the undersigned finds that while Justin has been able to progress in school, learning the skills involved in reading, writing and mathematics, he has a marked limitation on his ability to maintain social functioning at an age-appropriate level. His ability to communicate with his peers, family members, and school authorities is also markedly impaired. He has at least moderate limitations on his ability to engage in physical activities due to his impairment.

Considering the severity of the claimant's functional limitations due to his impairment, the undersigned finds that his impairment is of comparable severity to an impairment which would disable an adult. The claimant is, therefore, under a disability within the meaning of the Social Security Act.

FINDINGS

After careful consideration of the entire record, the Administrative Law Judge makes the following findings:

1. The claimant has not engaged in substantial gainful activity.
2. The medical evidence establishes that the claimant has hemophilia.
3. The medical evidence further establishes that the claimant does not have an impairment or combination of impairments either listed in or medically equal to one listed in Appendix 1, Subpart 2, Regulations No. 4 (30 CFR 416.925 and 416.926).
4. The claimant's impairment substantially reduces his ability to grow, develop, and mature physically and emotionally and to engage in age-appropriate play,


recreation, and sports, and age-appropriate peer and family relationships.

5. The claimant has been disabled as defined in the Social Security Act, since November 8, 1982, but not prior thereto (20 CFR 416.923).

DECISION

It is the decision of the Administrative Law Judge that, based on the application protectively filed on February 10, 1983, the claimant was "disabled" under section 1614(a)(3)(A) of the Social Security Act.

The component of the Social Security Administration responsible for authorizing supplemental security income payments will advise the claimant regarding the nondisability requirements for these payments, and if eligible, the amount and months for which payment will be made.



Henry M. Tai
Administrative Law Judge
Honolulu, HI Hearing Office

April 29, 1993

Date

Children With Disabilities Aren't Cheaters

■ Social Security: The number receiving benefits has doubled because of a court eligibility ruling, not parental fraud.

By SUE BURRELL

In their quest to cut federal spending and small mortality in the nation's poor, Republicans have seized on a new target: children's Supplemental Security Income. Legislation being drafted would replace the current system of payments to disabled children with a system of cash benefits to be paid only for medical expenses.

The proposed changes are driven by recent media reports that, through the SSI program, hordes of children with minor behavior problems are taking taxpayers for a ride. Cited in the reports are statistics showing that the number of children on the SSI disability rolls more than doubled between 1969 and 1970. The image of SSI as a free-for-all for the unemployed is replaced with anecdotal evidence of parents who are abusing the program, and who then squander their children's SSI checks on gambling and alcohol.

But it is a big mistake to lump children's SSI with welfare fraud. The Social Security Administration's statistics show that the recent growth in the program is attributable to the enrollment of hundreds of thousands of children who were wrongly denied benefits in the past.

Until the 1960 Supreme Court decision in *Sullivan v. Zebley*, the Social Security Administration's eligibility rules for children and adults. Those rules allowed adults to qualify for SSI either by showing how the disabling condition affected their ability to work, or by having a specific disability on the agency's list of impairments. Since children are not able to do much work, they could qualify only by having one of the listed medical disabilities. This system resulted in the exclusion

of many children with disabilities such as Down's syndrome, cerebral palsy, epilepsy, autism, AIDS, cystic fibrosis and other chronic illnesses or birth defects.

The court decision required the Social Security Administration to consider not only the children's medical conditions, but also their ability to perform other daily activities. Rigidly determined impairment that, limits the child's ability to function in an age-appropriate manner, constitutes eligibility to continue on the SSI disability rolls.

Also in 1960, the Social Security Administration revised its medical standards for

assessing mental impairments in children to reflect advances in medicine and education. Nonetheless, recent concern over the growth in the SSI program has centered on these children who have mental disabilities. Some have feared that children with mental disabilities are being used as a means to obtain SSI. But in order to qualify for benefits, personality disorders must be medically proven to result in long-term, deeply ingrained maladaptive behavior.

Nearly two-thirds of children getting SSI are under 10 years of age, and because they are mentally retarded, a

small group consists of young children who have clear developmental delay, but

who have clear developmental delay, but



MORRIS KAMIREZ, cartoonist, Universal Agency

APPENDIX B

whose disabilities are difficult to medicalize or diagnose. Still others are children who are schizophrenic, delinquent, schizoid, autistic or otherwise psychotic; have organic brain disorders or suffer from severe mood disorders (such as manic and/or depressive episodes) or suffer from anxiety, phobic or attention deficit disorder.

The suggestion that the government is giving away money to anyone who wants it must surely outrage the families of children with disabilities. The application process is impersonal and intimidating. From the perspective of the child, the program is living it up at the Ritz could not be further from the truth. Children qualify for the SSI program only if they or their families have limited income or resources; the maximum income for a family of three is \$1,200 a year, and the average payment is much less. Moreover, the demands on families who have children with disabilities are staggering. Such children may need constant supervision, special transportation, expensive equipment and a variety of other services. The cost of these services is often borne by the family. Income and inadequate coverage through other benefit programs. The proposed voucher system, similarly, would not cover many of these services.

Even with the assistance of SSI, many families are still unable to meet the needs of their children. Without the federal poverty guidelines. Without the crucial support provided by SSI, many more children would have to be institutionalized or hospitalized at even greater cost to the public.

As with any benefit program, there are children who are not eligible for SSI. In 1962 and 1963, by the Social Security Administration found no evidence of widespread malfeasance. The specter of fraud should not be used to undo the good now being accomplished as the SSI program attempts to overcome past inequities. These children and their families should turn their attention elsewhere.

See Burrell in a staff column with the Youth Law Center in San Francisco.

Mr. ENGLISH. Thank you, Mr. Stein. We very much appreciate your testimony. What I would like to do now is give Members of the Committee here present an opportunity to pose any questions to you they may wish.

Mr. Shaw, do you wish to inquire?

Chairman SHAW. Mr. Stein, I compliment you on your legal skills. I think you went too far, however, in what you accomplished and what has become now a landmark case that this Committee is going to have to deal with.

We have had testimony from mothers who have come in with children in wheelchairs who really—I mean, these kids, if it were not for the extra money, these kids probably would be institutionalized. And God bless the parents that will go that extra mile to keep those children home.

However, we have also heard story after story about the kids and the crazy checks, and those are the cases that you referred to briefly in the latter part of your testimony.

What is your opinion as to what is the purpose of the moneys that are paid out?

Mr. STEIN. Not every kid in a wheelchair is a candidate for institutionalization; in fact, most are not. The SSI Program has a dual purpose. First, it begins to pay for the absolute nitty-gritty necessities of life: Food, clothing, and housing.

Chairman SHAW. All right. Let's stop right there. Why would a child who may act weird or has an attention disorder but does not require any additional medical treatment, why should his parents have money for his food and his shelter?

Mr. STEIN. Well, many of those children need special training and assistance which Medicaid will not provide.

Chairman SHAW. What if they are not getting special assistance? You just said that moneys can be used for their shelter and their—

Mr. STEIN. Well, I am saying there are dual purposes. The money is used both to meet the necessities of life for that child—remember, this is a poverty program. It is means tested. So you start with a child who is in poverty. Especially with disabled children, there are many studies that show that they have financial needs greater than other children. You start with food, clothing, and shelter for that child who is in poverty. In addition, that child has special material and services needs that are not going to necessarily be met by Medicaid.

Chairman SHAW. All right. Just stop right there, and let me ask you a question. Don't you think that there ought to be some showing that the parents of that child are spending moneys for extra needs and are not simply pocketing it? What would you say to the mother who is receiving checks somewhere upward to \$47,000 a year on all seven of her children, plus her common-law husband? Now, what would you say to that?

Mr. STEIN. We have problems with that, and what we would say is—we have a long list of reforms that we do not have time to get into, but we would say for very large families there should be some sort of family cap or graduated sliding scale of benefits. However, the number of large, multiple check SSI families is very small. That is not a representative family. But the newspapers, of

course, or an ABC "PrimeTime" would give us that impression. But the great bulk of families are not anywhere near there.

SSI does not bring most of the families out of poverty. They are still under the poverty level. That is a very exceptional case. We do not agree with it, and we share your views, and we are ready to work making suggestions as to putting on a cap or a sliding scale.

We also say that there should be an accountability. There is in the law the responsibility to use SSI checks for the benefit of the child; what we need is better administration of the law to get accountability from parents on how money is spent. But, again, let's not tarbrush the majority of parents.

You heard Mrs. Higginbotham from Louisiana in Mr. McCrery's district, and she is the more typical parent who is sweating every day to do the best for her kid. She is still not out of poverty, but she is using every penny in the right way, and no one can question how she is spending it. And she is accounting for it every year to Social Security.

Chairman SHAW. We advised her at this hearing, and her daughter Allison, who was here with her, that we were not going to walk away from them, we were not going to forget them.

Mr. STEIN. And I remember your remarks, and I appreciated hearing them.

Chairman SHAW. Thank you. Thank you, Mr. Chairman.

Mr. ENGLISH [presiding]. Thank you, Mr. Shaw.

Mr. Ford will inquire.

Mr. FORD. Thank you, Mr. Chairman.

Mr. Stein, just picking up where Chairman Shaw left off, all of the witnesses that the Republican side of this Committee has put on the witness stand have all been—whether they have been welfare recipients or Supplemental Security Income recipients, in the mainstream of the poor of this Nation, not reflecting what we have seen on television here with the "PrimeTime" story that you are talking about. It looked like those six or seven kids were very able-bodied children. I did not see any disabilities. But we are talking about those isolated cases.

I think we have heard from former welfare recipients today who want to work, want that opportunity, want to move into the mainstream, and we have heard from witnesses last week or the week before who are, in fact, welfare recipients who want to move into the work force, who want an opportunity to advance in life and become a part of the middle class of America and want that American dream that we all seek so hard and work so hard for.

I have listened to the panel here today, and, Mr. Liebmann, you talk about the teenage girl that might make that mistake on that unplanned pregnancy. We talk about taking her from cash benefits, and I certainly do not think that we need to do anything in a welfare reform package that would continue the teenage pregnancy problem at the rates that we are seeing it in this country. And certainly we all would disagree and think that young teenagers ought to finish school and plan these pregnancies when they know they will get married and have a father to take care of these kids.

I support that dearly, but I am just wondering. When we see just the other day with the National Center for Youth in Poverty that

indicated that some 6 million kids under the age of 6 live below the poverty thresholds in this country, and we are talking about taking a cash benefit. We do not want to pass it on and pass it through to the grandmother with the contract with the Federal Government for that daughter of hers to go back to school so she will be able to go into the work force, when we know about 65 to 70 percent of all high school graduates go into the work force on their own through no training programs or assistance.

I do not think that we want to be punitive in a way that penalizes children.

Mr. LIEBMANN. No, no.

Mr. FORD. What do we do to protect the children in these cases? Certainly we want to say to that young mother who might not have planned that pregnancy—and before she makes multiple mistakes and pregnancies before she gets trapped into the vicious welfare cycle—and it is very difficult, we know from past experiences in training programs, in programs that we have experimented with in the AFDC population.

Mr. LIEBMANN. Congressman Ford, I think what I would say to that, first of all, there is no way that anyone can instantly reform what happens to a 6-million person welfare population. It seems to me the best thing you can do is focus upon the new cases of unwed mothers and say with respect to those new cases, which in any community are not that numerous, that if you want assistance from the State, you will enter a maternity home for a period of 6 months or thereabouts, and thereafter when you get out of the maternity home, the State will have a per capita grant for you that it can use in different ways for different people, depending upon whether the person is living at home or living independently.

Mr. FORD. Are you suggesting that all teenage pregnancies should be placed into this home?

Mr. LIEBMANN. I am suggesting—I would not go quite that far, but I would go nearly that far. I think I would go so far as to say that any teenager who is living in a home headed by a mother who is herself a welfare recipient or who is living independently should go into a home for a period of 6 months. And you are not looking in most large cities at enormous numbers here.

Mr. FORD. What would be defined as a welfare recipient? The AFDC cash benefits? Or would food stamps—

Mr. LIEBMANN. AFDC.

Mr. FORD. Just AFDC.

Mr. LIEBMANN. Yes. That would be my definition.

What that would translate to in a city like Washington or Baltimore is about 1,500 cases a year, new cases a year. And if each one went into a home for 4 months, you would need 500 beds. And that is not a large number to generate, because in any large city there are resources that can be used for that.

I read the other day in Baltimore that there is an oversupply of 50 percent in the number of hospital beds in Baltimore. We have empty hospitals. We have empty wings of hospitals. We have housing projects. We have RTC foreclosure property. We have HUD foreclosure property.

If cash payments are made available in respect to mothers for a period of maternity home care, it would not be difficult to create

the necessary institutions quite quickly if there were 1 year's lead time. And I cannot think of a better investment and I would strongly recommend to the Committee that it do something that I do not think it has done to date; that is, devote a half-day to inviting in here representatives of maternity homes, both the large, long-established homes that are more expensive, and also the small, 5- and 6-person homes that have been established in quite a large number under church auspices in recent years——

Mr. ENGLISH. Thank you, Mr. Liebmann.

Mr. LIEBMANN [continuing]. That operate on very modest budgets but do a tremendous amount of good in the lives of these young women and their children.

Thank you.

Mr. FORD. And that would be for the mother and the child, right?

Mr. LIEBMANN. Yes. Now, I am not suggesting orphanages.

Mr. ENGLISH. The gentleman's time is expired.

Mr. LIEBMANN. Far from it. Thank you.

Mr. ENGLISH. Thank you very much.

Mr. FORD. Mr. Chairman, let me just state this for the record. I have been here 8 hours today, and this is a very critical issue that I have before the Chairman and trying to negotiate with your side of the aisle as it relates to group homes or something on this order. With all due respect, and I know the hour is late, we all are somewhat overworked today, but I certainly do not want to go over my time, but I would ask that the Chair would be a little bit more lenient in that gavel in some of these questions. They have waited all day. I know we are tired on this side of it, but I have been here 8 hours today, and I am just going to ask for a little respect for the Chairman of the Committee when I do go over. I am going to try to keep it within 5 minutes, and I think I have abided by that all day today. But there are some of these issues that we are going to be wrestling with, and we will not have an opportunity to have all of these experts to appear before this Committee as we mark up maybe 10 days from now.

Mr. ENGLISH. Certainly. And the Chairman certainly wishes to extend to the Ranking Minority Member all respect, and I have very much appreciated his questioning today.

Mr. Nussle will inquire.

Mr. NUSSLE. No further questions.

Mr. ENGLISH. The Chair would like to thank the members of this panel for their contributions today and for the time they have taken to spend, and we will include any additional materials as part of the record. We will now dismiss this panel and bring on the last one.

Mr. NUSSLE [presiding]. The final panel for this evening includes: Rodney Leonard, executive director of the Community Nutrition Institute; Dazzella Garner, member of the Coalition to Stop Welfare Cuts, from Homestead, Pennsylvania—and please excuse me if I mispronounced your names. You can help me when we get to that point. Dr. Clarissa Pinkola Estes, from Denver, Colorado; Deepak Bhargava, director of Public Policy, Center for Community Change; and Kevin Aslanian, national facilitator for the National Welfare Rights and Reform Union.

I want to thank you all very much for coming and participating in this hearing tonight. You are our last panel, so you have a lot of—you have an opportunity to get in the last word, so to speak. We are in a 5-minute rule, as you have been watching, which means we would like to invite you to summarize your testimony. Your written testimony will be made part of the record by unanimous consent, and if you would help us out by taking about 5 minutes to summarize your testimony, we will hear from Rodney Leonard, executive director for the Community Nutrition Institute.

**STATEMENT OF RODNEY E. LEONARD, EXECUTIVE DIRECTOR,
COMMUNITY NUTRITION INSTITUTE**

Mr. LEONARD. Thank you, Mr. Chairman. I commend the Committee for its patience and stamina, and I appreciate the opportunity to appear before you.

I would like to indicate that we are immensely concerned about the efforts to block grant food programs and to cash out food programs, because we see this as essentially ending the hunger programs and restoring hunger in America.

Hunger is a form of tyranny because hunger is a political choice. The British chose hunger over food assistance for the Irish during the potato famine. Stalin used hunger as a tool to terrify and intimidate the Russian people. Mao did it to the Chinese. And African rulers today use hunger as a political weapon against their own people.

The United States has opted to eliminate hunger. The American people and Congress chose to do this 35 years ago. Now Congress is considering whether to change its mind, and the proposal now before this Committee calls for the elimination of food programs as a means to provide some \$30 billion in budgetary savings over the next 5-year budget cycle.

I would like to offer for the Committee's consideration an alternative. It also provides \$30 billion in budgetary savings, but will maintain food programs. It will maintain benefit levels at the community as they are now, and it will protect American families, children, infants, and elderly against the tyranny of hunger in America.

The alternative consists of three parts: First, we are proposing that the implementation of the Anti-Hunger Act of 1993 be halted at the end of the current fiscal year. The legislation will increase food program spending by \$2.5 billion through fiscal year 1998, but nearly all of the spending will occur in the last 2 years of that period. If that aspect of the program is halted, that is, implementation is halted, no food is going to be taken away from any person, but we will eliminate future annual program costs of nearly \$2 billion a year, or over \$10 billion in the next 5 years.

Second, we are proposing that section 809 of the Federal Tax Code be repealed. This is an annual entitlement for a small number of mutual life insurance companies. Under the provision of this bill, this legislation, they are entitled to avoid or evade payment of between \$2 and \$2.5 billion in Federal income taxes. The diversion of Federal revenues to corporations through ineffective tax policies is as much a spending decision by Congress as whether to increase or to eliminate food program costs.

The Ways and Means Committee can adopt this proposal now, and it will generate \$12 billion or more in revenues over the next 5 years that otherwise will be lost.

A third recommendation is that appropriations for the Food Stamp Program be reduced in budget projections to reflect the drop in program participation as the national economy continues its recovery from the last recession. Participation can be expected to decline from the 28 million peak last March by an average of 3 to 4 million persons annually over the next 5 years as personal incomes increase with economic growth. The smaller number of participants will lower program costs about \$3 billion a year and reduce budgetary costs by \$15 billion over the next budget cycle.

The alternative demonstrates that the Committee and the Congress can lower budgetary costs by nearly \$40 billion through a combination of actions, and that Congress has a choice between the tyranny of hunger and the policy of eliminating hunger that has served the Nation well over the past 35 years. I urge the Committee to hold a steady, a decent, and a humane course. Thank you.

[The prepared statement follows:]



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Testimony by Rodney E. Leonard, Executive Director of the Community Nutrition Institute, prepared for delivery before the Ways and Means Committee of the House of Representatives, Thursday, February 2, 1995.

Mr. Chairman, members of the committee.

Hunger is a form of tyranny; and, like tyranny, requires eternal vigilance. Hunger is a harsh condition and can be a tool to punish the poor. For some, the condition is a means to distinguish themselves as superior to those deemed less deserving. But hunger is a form of tyranny because hunger is a political choice. The British chose hunger over food assistance for the Irish during the potato famine; Stalin used hunger as a tool to terrify and intimidate the Russian people, as did Mao in the Chinese famines of the 1950s and 1960s; African rulers still use hunger as a political weapon against their own people. Food stocks were available in all these situations, but a political decision was made to opt for hunger. No food shortages exist here in America, nor does the U.S. lack the resources to end hunger and malnutrition, as the American people and Congress chose to do 35 years ago.

However, Congress is now considering whether to change its mind. The proposal now before this committee calls for the elimination of food programs as a means to provide some \$30 billion in budgetary savings over the next five year budget cycle. I would like to offer for the committee's consideration an alternative. It also provides \$30 billion in budgetary savings, but will maintain the food programs and protect families, children, infants and the elderly against the tyranny of hunger in America.

Once present, hunger is hard to eliminate. It has taken the United States 35 years to eliminate hunger and malnutrition as a poverty induced condition in America. The absence of malnutrition as a visible symptom of poverty is celebrated, however, in proposals to abolish the programs which made possible the achievement. Congress is now considering whether to observe the 35th anniversary of the food stamp program by ending it together with programs to provide meals to children in schools and day care, to supplement the diets of infants and pregnant women and to provide meals for elderly Americans, including those who receive home delivered meals which enable them to live independently in their homes.

The legislation now before this subcommittee proposes to merge all food programs into a single block grant which would be allocated among the states and territories. The funding level in the block grant would be capped -- i.e., it could go no higher -- and would be reduced in increments over the next five years, starting with a \$6 billion reduction in fiscal 1996.

The federal budget for food programs is about \$42 billion in the current fiscal year, with some \$25 billion allocated to food stamps. Nearly 27 million persons currently receive food stamps, over half of whom are children under age 16, and they would bear the brunt of the proposed cuts. Meals -- both breakfast and lunch -- are served daily to more than 25 million children in public and private schools, and over half are served at no or nominal cost to children in families with low or moderate incomes. Some 7 million infants, nursing mothers and pregnant women obtain a more nourishing diet today than would otherwise be possible because of the WIC (women, infants and children) program. Over 4 million elderly Americans participate each year in the nutrition program for older Americans, nearly one million of whom are home-bound but live at home because of home delivered meals and related services.

The impact of these programs is visible today in the absence of malnutrition, but the condition will return quickly and cruelly in every city and state across the nation. The return of hunger and malnutrition will be measurable as a medical problem, school children will be denied a meal, infant deaths will rise, and more elderly residents will be forced into rest homes. Many parents will be forced to choose between keeping their home or feeding their children because family income for a significant number of Americans does not cover both rent and food.

In the haste to enact the Contract for America, the House of Representatives is caught in a tragic irony: food programs epitomize the goals the Contract seeks to fulfill. Nearly all the funds appropriated are returned to the community as services to local residents; the federal regulations do not impose bureaucratic controls but instead insure eligible individuals and families receive vital services without discrimination; and, the federal funds enable the local community to provide access for all its residents to a nourishing diet, an objective that otherwise is unattainable. The programs are a functioning partnership between federal and state government, underscoring the fact that government can work to help citizens to achieve what they cannot or are unable to do for themselves.

There is an alternative to the tyranny of hunger in America. This alternative will provide more than \$30 billion in lower budgetary expenditures -- without increasing hunger -- through three simple steps:

First, halt the implementation of the Anti-Hunger Act of 1993 at the end of the current fiscal year. The legislation will increase food program spending by \$2.5 billion through fiscal year 1998, but nearly all the spending will occur in fiscal years 1997 and 1998. Halting implementation will not take food from any person, but instead will eliminate future annual program costs of nearly \$2 billion, or about \$10 billion over the next five years;

Second, repeal Section 809 of the federal tax code, an annual entitlement for a small number of mutual life insurance companies. They are entitled to avoid -- or evade -- payment of between \$2 billion to \$2.5 billion in federal income taxes. The diversion of federal revenues to corporations through ineffective tax policy is as much a spending decision by Congress as whether to increase (or eliminate) food program costs. The action, which the Ways and Means Committee can adopt, will generate \$12 billion or more in revenues that otherwise will be lost over the next five years;

Third, reduce appropriations for the food stamp program to reflect the drop in program participation as the national economy continues its recovery from the last recession. Participation can be expected to decline from the 28 million peak last March by an average three to four million persons annually over the next five years as personal incomes increase with economic growth. The smaller number of participants will lower program costs about \$3 billion a year and reduce budgetary costs by \$15 billion over the next budget cycle.

The alternative demonstrates that the committee and the Congress can lower budgetary costs by nearly \$40 billion through a combination of actions, and that Congress has a choice between the tyranny of hunger and the policy of eliminating hunger that has served the nation well over the past 35 years. I urge the committee to hold a steady, a decent, a humane course.

Mr. NUSSLE. Thank you very much, Mr. Leonard, for your testimony.

I believe next on our schedule is Dazzella Garner. Thank you very much for coming, Ms. Garner, and I invite you to summarize your testimony. Your written testimony will be made part of the record.

STATEMENT OF DAZZELLA GARNER, CHAIRPERSON, CITIZENS ADVISORY COUNCIL FOR PUBLIC WELFARE, PITTSBURGH, PENNSYLVANIA

Ms. GARNER. Thank you very much.

Good afternoon, Honorable Members of the House Ways and Means Subcommittee on Human Resources. I am Dazzella Garner, and I reside in Pittsburgh, Pennsylvania, which is in the 14th Congressional District and is represented by Hon. U.S. Congressman William Coyne and Hon. U.S. Senators Arlen Specter and Rick Santorum.

Before I go any further, I just want to add something else to my testimony which I did not put in this document. I am 3 months from being 70 years old, and I would like to say to you I am one of those mothers who was a welfare mother in 1965. I came into the welfare system as a recipient of title VII, and in that program, the Welfare Department at that time had decided to take and develop different kinds of job training programs.

Unfortunately, I got sick, and I could not become a homemaker, which I only knew how to do. I was a very qualified homemaker, because I had had 7 children in 8 years, and that is all I did, was to work, clean, cook, and take my children to the hospital.

But as a result of my not being able to move to welfare training, I got a job with a social service agency. I became a streetworker. I walked the streets of Pittsburgh for I do not know how long. I sold and discussed Medicare. I discussed family planning. I took and helped create the summer Head Start Program. I helped to take and create the additional half-day programs when it moved to a week program. I helped to take and be able to do many things at Head Start.

I later went on to do some other things, which I will just highlight.

One, I became the first black welfare mother who had no degree to be the chairperson of Pittsburgh Community Action for Pittsburgh, which had a funding of \$18 to \$22 million. I had to learn quick, and my children said, Mother, I never knew that you could talk in millions of dollars when you barely can talk about \$50. I said, well, sometimes the challenge is there, and if the challenge is there, then you meet it.

I have had some awesome experience, and I am really proud that I had the opportunity to do that. I learned to understand what the system was, how it was controlled, and how it took so much courage to be a part of trying to get into the system. And I advocate this. I tell people that this is the greatest country in the world. And if you want to change the system, you vote and you get out there and say to your employees that I am your boss.

Now, you might not appreciate what I am saying, but, you know, I get tired of people talking about welfare recipients and unwed

mothers and all the kinds of things that they do and they do not do and how much it is costing us, a huge deficit. Well, we are not having a huge deficit on welfare mothers here, believe me. You need to take a look at some of the other costs it takes to run government.

But I do say that if we could develop programs for the teenager who becomes pregnant which gives her the kind of support that she can feel that she is wanted, she is worthwhile, and she can do anything. I have an example. I have a grandchild who became pregnant in her last year in school. I was heartbroken. But I did not offer her any choices. The choices had to be hers. Whatever she wanted, I was willing to support her. She decided to have that baby.

As a result of that, I took care of her and my grandchild until the time she graduated. And when she graduated, she graduated with her baby standing in the wings while she sung an a cappella song. That is a song where you sing without music. She has a beautiful voice.

But she could not have made it through the system if there had not been somebody there to love her, to encourage her, and to be of support. She later went to college. She went to CCAC. And she also went into the JTPA Spark Program.

I tried to encourage her to look closely at the kind of training that she was going to go into, because I told her that the training she was going to go into was obsolete before she even started, that she was not going to be able to get even a minimum job. But you know when you are young, you have to tread the water; you have to go out there and feel the pain.

She finally understood what I was trying to tell her. Baby, being a medical assistant will not get you enough money to take care of you and your baby.

So now she is thinking about going someplace else to get a different type of skill. I will stop on that.

One of the things that I say——

Mr. NUSSLE. Ms. Garner, if you could wrap it up.

Ms. GARNER. I am. I am going to wrap it up.

Mr. NUSSLE. I am supposed to try and keep you within 5 minutes.

Ms. GARNER. I am going to wrap it up.

Mr. NUSSLE. OK. Thank you.

Ms. GARNER. One of the things I do not like about the PRA, it is the most dehumanizing bill that was ever produced. In the first place, it needs to be tossed in the fire and burnt up. I saw this bill 2 days ago, and it is 40 pages long. And if you think anybody can come here and take and do an indepth review on what that bill has and how it affects people, then they must be mighty smart.

And let me say this here. I think if the Governors decide to accept that bill, then they are going to be in trouble, big trouble.

I am finished. Whatever you want, you can ask me some questions.

[The prepared statement follows. The attachments were not available at the time of printing.]

**STATEMENT OF DAZZELLA GARNER
CHAIRPERSON
CITIZENS ADVISORY COUNCIL FOR PUBLIC WELFARE**

Good afternoon Honorable Members of the House Ways and Means subcommittee on Human Resources.

I am Dazzella Garner and I reside in Pittsburgh, Pennsylvania which is in the 14th Congressional District that is represented by The Honorable U.S. Congressman William J. Coyne and The Honorable U.S. Senator's Arlen Specter and Rick Santorum.

This is an unexpected Honor to be invited to testify on The Personal Responsibility Act proposed legislation which is a most significant moment of life since The Laws permitted me to vote some 50 years ago.

Time will not permit an in dept review of the entire PRA bill due to the time it became available to the general public - because those who come from the grass root, poor community are not provided the opportunity to review proposed legislation in ample time to prepare for hearings of this nature. Therefore I will discuss (3) Three major concerns germane to all women, men and children who receive benefit by the entitlement program called Aid To Families With Dependent Children, AFDC. The Majority of these households are headed by single mothers of which many are unwed due to various factors. Three provisions which must be seriously studied before PRA becomes the new Blueprint for National Welfare Services for poor, disadvantaged third and fourth class groups in the United States of America.

(1) All unwed mothers between the ages of (18) and (21) will not receive any assistance for herself and child, unless, she is married to the father or marries some one who would adopt the child.

*****Explain point of View**

(2) The Total elimination of all mandated entitlement programs which focus most on AFDC.

*****Explain point of View**

(3) Fingerprinting of all people on Welfare and those persons who eligible for Food Stamps. This group includes not only AFDC Recipients but the working poor, and senior citizens who are eligible for Food Stamps.

If these groups refuse to be finger printed they will be denied Food Stamp Benefits which they depend on to live.

*****Explain point of View**

How could or would any Government employee of the people (Elected Officials) be so cold and calculating to use poor Women and Children as scapegoats to balance the operations of the Government. It is Inhuman.

WHY? Is there a double standard for the unborn child to right birth, but punish innocent women and children. Many who advocate the Right To Life for The Unborn Fetus Have not spoken out against This PRA Proposal.

This room should be filled with protesters, both inside and out protesting this proposal. The question which needs an answer is where are the JOBS! JOBS!JOBS! and meaningful training to acquire marketable skills to ensure permanent employment.

I implore this Honorable committee to revisit this proposed legislation and develop legislation that will work and benefit all peoples of this country. I encourage you to enforce legislation that will provide Economic Opportunities for Low and Very Low Income Persons. Legislation that will provide JOBS!, Meaningful Training and Marketable Skills.

The U.S. Dept. of HUD has had Section 3 Laws on its books since 1968, to provide economic opportunities for low and very low income persons, this law has never been enforced. It is time that laws and legislation of this magnitude become enforced.

If this committee is truly committed to improving the conditions of this country then I challenge you to develop legislation that will require every contract that is procured through the Federal Government, State Government and Local governments with any and all Federal Funding to provide jobs and training for low and very low income persons, as described in the Housing and Community Development Act, Section 3. Create Real Welfare Reform Programs that will work such as those outlined in the Cranston-Gonzalez Act and the "Pathways To Independence Project" (see attached documents). Create incentives for people to be removed from the Welfare system by providing employment opportunities and choices for them to become productive citizens. You must provide jobs, support services and transitional opportunities before you eliminate assistance to poor persons.

We all know that the real Welfare system exists within Corporate America, the tax breaks, tax incentives, etc. I challenge you to encourage Corporate America to "Give Back" To Help, To Partnership, To Create a Better America.

Attachments: Pathways To Independence, Federal Register-Economic Opportunities For Low and Very Low Income Persons, Community Relations and Involvement Initiatives, Economic Lift, Family Investment Centers

Mr. NUSSLE. Thank you very much. I appreciate your testimony. Next I would like to hear from Dr. Estes from Denver, Colorado.

**STATEMENT OF CLARISSA PINKOLA ESTES, DENVER,
COLORADO**

Ms. ESTES. Thank you. I have been a psychoanalyst for 20 years, and before I start, I need to say something about maternity homes. Having firsthand experience there, I refute entirely the idea of putting young mothers in maternity homes for several reasons, and I will not speak to the emotional and psychological reasons, which are grave. But I will speak to the fact—

Mr. FORD. Pardon me, Mr. Chairman. Dr. Estes, maternity homes? Let me make sure I am understanding what you are saying. Maternity homes, are they different from group homes?

Ms. ESTES. Maternity homes as they were just described by a previous witness in a previous panel.

Mr. FORD. Right. I was in that colloquy with him, and I may have referenced—

Ms. ESTES. That is exactly the kind that I am talking about, and the reason that I object to it that I can speak about briefly here is because of—

Mr. FORD. But as you speak, would you please just talk about—distinguish between the group homes and maternity homes? I had the colloquy, but I do not consider a group home as a maternity home in his definition, but there was a similarity there.

Ms. ESTES. As maternity home was just described by the gentleman on the last panel, that is what I am speaking to.

The reason that I can tell you right now, briefly, is because the money that it takes to fund homes would more properly go directly to the recipients. It is incredibly costly to fund private enterprise to distribute funds. As a woman myself who when I was 18 years old had my first child—as a teenager—I think that most of us, even though we had made a mistake, does not mean that we are stupid, does not mean that we cannot handle money, and it certainly does not mean that we cannot learn, within a few days' period of time, if necessary, to handle it. So if you will excuse me, I would like to go on from there.

Twenty-five years ago, I was either—and you decide—I was either what I have heard some say recently "America's worst nightmare, a welfare queen"—and if I was a queen, I want a crown; I did not get one then—or I am what I believe myself to be and what I think hundreds of thousands of other people who went through the so-called Great Society programs together with me are, I think that we are America's dream come true.

Now, I have a doctorate degree, and I have a postdoctorate degree. But 25 years ago, I had nothing. I am a Latina, and I came from a family that could not read or write. I had a high school education. I was the first person in my family to be able to have such a thing, but even so, I came to be in desperate circumstances, very difficult ones.

After a divorce and with a little tiny child, I had to have help. Imagine a vast ocean, if you would, that had to be crossed in order for me to have a life for myself and my child. Well, all of a sudden came along a little raft on this ocean where there was nothing ex-

cept great waves and storms and dark nights. And this raft was provided by the Federal Government.

I want to read to you briefly a few of the notes from my journal of that time that I have written down here:

Food supplements, once a month I go into the most dangerous part of town, I get processed cheese and a big box of powdered milk. It is such good protein.

Project Child, Federal free health care for my little daughter until she is 5 years old, though none of us adults, no health insurance either. But I pray to stay healthy.

Food stamps, I am grateful for those. I cannot take one more job. I have three already and go to school full time. "Help Me Make It Through the Night" isn't just a love song.

No child care or day care is possible. I am taking my baby to college in a little carrier on my back. I am grateful to have her. At work, people hide her for me when the boss is coming.

So what I am saying is that I think that for the almost 2 years that I was on welfare, ADC, food stamps, Project Child, supplementary food program, job training program, small grants so that I could go to college, State college, for the first time in my life, that I think I know what it takes to take a person who comes from the so-called "underclass" and to help them so that maybe they can cross that ocean.

What I am asking you to do and to continue to do, is to provide the raft. I am not asking you to row. There is no outboard motor on this raft. I am not asking you to provide a yacht, just a raft for us to go across this great ocean that separates the classes, one from the other.

See, we cannot do it without you. We cannot do it by ourselves. If we could, we would have done it by now.

I think that I and hundreds of thousands of other people are waiting for the opportunity to do everything we can do on our own behalf. And we arrive on the other shore, incidentally, not through shame or through being shamed, as I have heard some people propose, but through pride, through pride in ourselves as people who could make it, people who could do it.

So in the very end, I would say, that all these things given are a boost or a push, but certainly not a handout, rather certainly, as we used to say, a hand up. These helps have to continue. Money and management issues are always a concern. M&M's, you know how we say that in business—M&M's, money and management. But there has to be a third M in the equation, and that is mercy. And mercy does not mean to give things away for free or to give to the undeserving. It means to care.

So you decide. I am either a "welfare queen" personified, in which case I want a crown, or maybe I and the hundreds of thousands of us who came through the Great Society programs, are in fact, America's best dream come true.

[Applause.]

Mr. NUSSLE. Thank you, Dr. Estes.

Now I would like to hear from Kevin Aslanian. Am I getting that right?

Mr. ASLANIAN. That is right. Thank you very much.

Mr. NUSSLE. Thank you. You are the national facilitator for the National Welfare Rights and Reform Union.

Mr. ASLANIAN. That is correct, and I am the last witness and there are still some of us around.

**STATEMENT OF KEVIN M. ASLANIAN, NATIONAL FACILITATOR,
NATIONAL WELFARE RIGHTS & REFORM UNION,
SACRAMENTO, CALIFORNIA**

Mr. ASLANIAN. One of the things that everybody has been talking about is how bad the AFDC Program is. The AFDC Program is a very good program that supports 14 million people in America. The reason kids in America do not live like kids in Somalia is only because we have the AFDC Program, and we should be grateful for that.

The AFDC Program, according to Mr. Ferrara, who was testifying this morning, from the National Center for Policy Analysis—he also worked for the Heritage Foundation, said the welfare programs cost \$360 billion. That is a nice figure. AFDC recipients get \$20 billion. What happens to the other \$340 billion? I guess States have a good time with that money.

Now, the proposal that is on the table is to send all of this money to the States who spend for administration \$340 billion and give \$20 billion to the people. We would suggest that you cut that in half, which would leave \$180 billion, give half of it to the States, \$90 billion to administer, and the other \$90 billion to the people, and maybe we could live like human beings and we could overcome poverty.

We were very disappointed in H.R. 4 in that the bill would deny AFDC to children living with their families but give them AFDC for living in a foster care family. That is very, very antifamily.

Why are people on AFDC? People are on AFDC because the welfare department or the State officials have not been able to collect child support. Had they collected child support, welfare recipients would have been able to be off of AFDC. In 85 percent of the cases the States failed to collect child support, and that is why people are on welfare. They only succeed in 15 percent of the cases. And what does the Contract say? Give it to these incompetent idiots to run the program again. That is just like if I have a business and I am looking for a manager and I hire someone who has an 85-percent failure rate. I would never hire that dummy to run my business. I am not stupid.

We suggest that the JOBS Program be privatized. The JOBS Program is designed to get people off of welfare, not to keep them on welfare. And what happens right now in the JOBS Program, the States get paid—no matter how many people get off of the AFDC Program. We propose that you give welfare recipients a JOBS voucher, and that JOBS voucher could be taken to whoever we want to choose to provide us with a job. If that person that we take our voucher to gets us a job that gets us off AFDC, they get 50 percent. If the job is maintained for 6 more months, they get the other 25 percent; for 1 year, they get the other 25 percent. Now you have a program that is getting people off of welfare.

Everybody has been talking about the Riverside County Program, how great it is. The Riverside County Program, after spending millions of dollars, maybe \$20 million, after 3 years, the average person who was in the GAIN Program made \$2.80 a day more than the non-GAIN participant. These JOBS Programs do not get the people out of poverty. The only people who get out of poverty are the bureaucrats who are running the program.

Finally, I would like to talk about the teenage families. Again, why are these teenage women on welfare? The only reason they have to apply for welfare is because the deviants at the State level are failing to do their jobs—that is, to collect child support. And what is the response to that? Rather than going after those incompetent dumdums, you go after the woman. That is crazy. You have to go after the right person who is at fault.

Thank you. The red light did not come on.

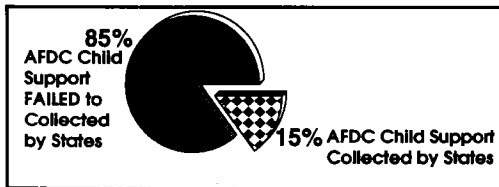
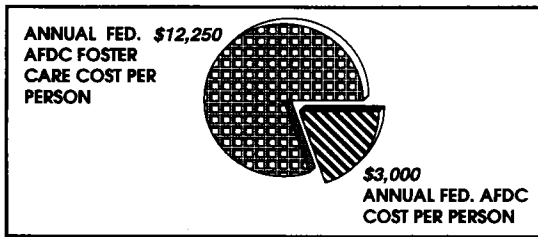
[The prepared statement follows:]

Before

The House Ways & Means Committee Human Services Subcommittee

Testimony of Kevin M. Aslanian National Welfare Rights & Reform Union

*Re: AFDC Program
A view from the consumers*



NWR&RU 1901 Alhambra Blvd., Sacramento, CA 95816
• Tel. 916-736-0616 • 916-736-2645

Good evening, Mr. Chairman and Members of the subcommittee. Thank you for inviting us to testify.

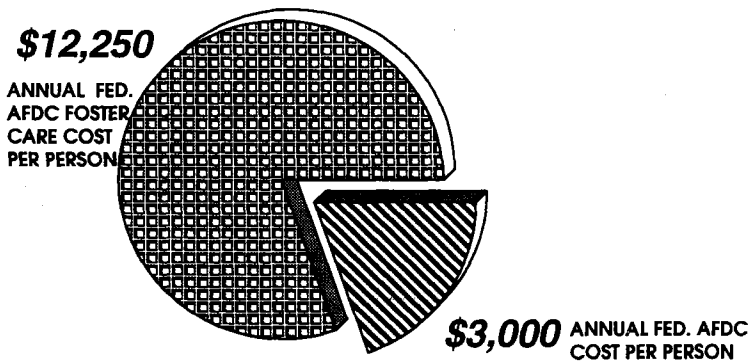
I am Kevin Aslanian, representing the National Welfare Rights and Reform Union. We are here to offer our views on this important legislation which, we hope will positively impact impoverished families and children of America.

Our testimony will identify what we believe are the anti-family and anti-work provisions in the current AFDC Program, which needs improvement.

THE AFDC PROGRAM, ALTHOUGH NEEDING REPAIRS, IS NOT A TOTAL FAILURE. IT FEEDS AND HOUSES OVER 14 MILLION PERSONS, 70% WHICH ARE CHILDREN, AT A COST OF \$3,000 A YEAR, PER PERSON, WHICH IS A REMARKABLE ACHIEVEMENT FOR THE FEDERAL GOVERNMENT.

There are lot of problems with the program, for instance: beneficiaries of the program are treated like second-class citizens by welfare bureaucrats and the monthly benefits women receive to raise their children are meager. We challenge any person to raise a family of three on \$400 a month and pay 75% of that money for rent. Remember, only 25% of the AFDC recipients get subsidized housing. Most AFDC recipients have to live in substandard housing and pay 75% or more of their monthly income. They must pay for utilities, buy food (food stamps run out by the 15th of the month), buy clothing for their children, and expect to look clean. These are major problems that call for positive solutions that should not include cutting benefits and punishing children.

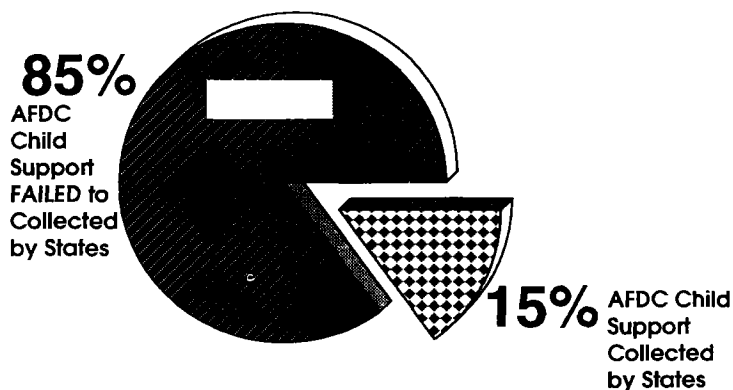
We want to express our opposition to current proposals that deny AFDC benefits to children living with their natural parents, which costs approximately \$3,000 a year, per child, while ironically paying \$12,250 a year, per child (foster care) for the same children who live with a person other than their natural parent or natural family. The graph below reveals the difference in costs. This cost does not include the cost of breaking up families.



WHO IS RESPONSIBLE FOR THE ALLEGED FAILURE OF THE AFDC PROGRAM?

The primary reason for the alleged failure of the AFDC program should be placed where it belongs with the Governors of each State, not Congress. It should be noted that States are provided with great flexibility.

The States are failing to collect child support at an 85% failure rate which is the main reason why single women have to rely on AFDC to meet the needs of their children.



The following proposals are suggested solutions to these problems. They include the privatization of welfare programs and the dismantling of monopolies that state and local governments have on the administration of welfare programs.

PROPOSED PRIVATIZATION MODEL FOR AFDC, FOOD STAMPS AND MEDICAID

There has been a lot of talk about the privatization of services, including welfare services. For example, food stamp coupons are distributed by private or non-

profit organizations. In California counties receive about \$120 for each application that has been acted upon. They receive about \$60 per month for each regular continuing case carried by the worker.

The intake worker processes about 50-60 cases a month and a continuing worker has a caseload of about 150 cases a month. This means the county receives \$6600 a month (55 cases X \$120 a month which is equal to) or \$79,200 a year for the work of each intake worker. Most welfare workers receive less than \$25,000 a year, which means that the county makes a profit of \$54,200 to pay for bureaucrats. The continuing workers bring in \$9,000 a month and \$108,000 a year for the county, which means the county makes a \$85,000 profit a year. With these kinds of profits, the counties treat the AFDC recipients like dirt. It is the recipients who enable the county to make these outrageous profits.

Privatization would take the issuance of AFDC, Food Stamp and Medicaid benefits away from the government bureaucrats and give it to non-profit organizations, like recipient organizations, charitable organizations or private businesses.

The entity agreeing to operate the "Client Choice Demonstration Program" shall bid on the following activities :

1. Processing applications;
2. Processing continuing cases;
3. Issuing replacement checks;
4. Determination of emergency assistance;
5. Issuance of emergency assistance;
6. Determination of Special need;
7. Issuance of special need.

The State agency shall issue a request for proposal which shall inform the bidders of the amount of money that the state spends for each of the activities listed above. No contract shall be accepted unless bidders agree to perform all of the above stated activities. Once the lowest bid has been accepted, then any other non-profit organization can also administer the "Client Choice Demonstration Program" for the same rates of compensation. The entity having a contract shall obtain a bond to pay for any erroneous payments made to clients.

PRIVATIZATION PROPOSAL OF THE JOBS PROGRAM

The JOBS Program is designed to make AFDC families self-sufficient. Yet, the only performance measure, to date, is how many people are forced through the JOBS "Pavlovian" tunnels; instead of how many participants became self-sufficient as a direct result of the JOBS Program. California Riverside County JOBS program, touted by Secretary Shalala and the Clinton Administration, as an vivid example of a success, is a dismal failure as evidenced in Attachment #1 of our testimony. The MDRC report funded by the workfare program reveals that **after spending millions of dollars the average JOBS participant in Riverside County has been able to gain \$2.80 a day—a sum that barely pays for the participants' daily transportation.** The JOBS program has failed to get large numbers of AFDC recipients out of poverty and into self-sufficiency.

We propose to privatize the JOBS Program by creating the JOBS voucher program. Every person eligible for JOBS would receive a voucher. The participant or "bearer" will have the right to enroll in any entity that accepts the voucher. If the bearer is able to obtain employment which yields income in excess of 185% of their AFDC level, the vendor will be able cash the voucher in three steps: 1) The vendor will receive 50% of the voucher's value once the bearer of the voucher obtains employment; 2) The vendor will receive another 25% of the voucher's value within 6 months, if the bearer of the voucher is still working and receiving income in excess of the 185% of the AFDC need standard; 3) The vendor then receives the remaining 25% if the bearer of the voucher is still working after 1 year.

Unlike the current JOBS Program, agencies will only be compensated for successfully finding employment for participants. This will guarantee that we finally have a program that rewards successes, not failures.

Who will be the service providers for these vouchers? That can be the local welfare agency, the local JTPA Program, the local community center, the local charity organization, an organization of welfare recipients and former welfare recipients helping other welfare recipients become self-sufficient, local private employment agencies such as French and French, Manpower, etc.

MAKING THE AFDC PROGRAM PROMOTE RESPONSIBLE BEHAVIOR

There has been a lot of talk of about the lack of "responsible behavior" of welfare recipients. Irresponsibility works both ways. To make our point, we ask, why are AFDC recipients on welfare? Answer - because they are not getting child support. Why aren't they getting child support? Because of the "irresponsible" behavior of the child support bureaucrats who are not doing the job they are well compensated for. What kind of legislative pro-

posals are there to address this "irresponsible behavior" of child support bureaucrats--reams of legislation blaming welfare recipients for being on welfare as a direct result of the child support bureaucrats who are not doing their jobs. To propose "two years and out" for recipients while not proposing the same for child support bureaucrats is inconceivable.

We are concerned about "government" defining behavior of welfare recipients. Similar experiments were conducted after the 1917 revolution and failed. Similar experiments are now being conducted upon poor families by social engineers throughout the Country. This is very dangerous and we are concerned about it. We are also concerned that 95% of these experiments are conducted to the detriment of families and children of America.

The most important "responsible behavior" is the job of taking care of children. The value of parenting should never be undermined. Today, it is considered deviant to be a single parent who is poor and forced to rely on AFDC in lieu of living on child support payments. We salute welfare moms and their heroic act of raising children on less than \$400 a month on the average. It is a remarkable achievement.

ADDRESS THE ANTI-WORK PROVISIONS OF THE AFDC PROGRAM.

Under the current AFDC program, many women who go to work end up in a worse financial condition than if they did not work at all. We do not mean that they earn the same staying on AFDC. We mean they often become homeless because of the anti-

work policies indicated below, and often they have to spend their food money for work-related expenses. Thus, many women are faced with the choice of taking a job and not being able to feed their children or staying home to make sure they can feed their children. To us, the option is clear--the primary responsibility of a parent to care for the child(ren). Yet, we see many children of working parents malnourished and hungry. This is disgraceful and should be remedied. No-one should be worse off by working. The following changes would go a long way to assure that AFDC recipients are not worse off when they work.

ELIMINATE THE LIMITATIONS ON THE \$30 AND 1/3 EARNED INCOME DISREGARD.

CURRENT LAW

Current law limits earned income disregard of one-third, to a four (4) month period and the \$30 disregard, to a twelve (12) month period. This has resulted in the reduction of the number of AFDC working recipients from about 30% to less than 7%

NEW LAW

Restore the pre-1981 earned income disregards.

RATIONAL

In a recent report issued by the California State Department of Social Services, (a Republican Administration) finds that restoring the deductions would save money in the long run.

**ALLOW FOR WORK-RELATED
DEDUCTIONS NO MATTER WHEN
THE INCOME IS REPORTED**

CURRENT LAW

Under current law, any person who fails to report earned income (and provide all of the needed verification, such as pay check stubs, child care verification, of savings, rental payments, utility payments and other verification that State or local welfare agencies may require) on the date in which the monthly income report is due, the family will not receive their work-related deductions, such as child care and work incentive deductions.

NEW PROPOSED LAW

Recipients should be allowed to receive all work-related deductions regardless of when the report is submitted to the welfare department.

RATIONAL

Under current law, working AFDC parents are laid off or are forced to quit their jobs because; 1) they do not receive the deduction to which they are entitled to and; 2) problems getting a completed income report in to the welfare department.

Often, AFDC working parents are forced to take time off of work to meet with the eligibility worker just to make sure that the "i"s are dotted and the "t"s are crossed, otherwise the income report will be considered "incomplete" and the families will not be entitled to the work-related deductions.

For example, in October, if the income report is considered "incomplete" by the welfare worker, the December welfare check will not reflect the child care deduction and other work-related deductions, so the parent will not be able to pay his or her child

care expenses and will have to either stop working or leave the children at home without child care.

**AUTOMATIC SUPPLEMENTAL PAYMENT
FOR FAMILIES WHOSE INCOME HAS
STOPPED OR HAS BEEN REDUCED DUE
TO RETROSPECTIVE BUDGETING**

CURRENT LAW

Under current law, States operating their AFDC program under the retrospective budgeting process, use the income received in Month "A", which is reported in Month "B", to compute the benefits in Month "C", even if the income received in Month "A" has stopped or has been reduced and is no longer available to meet the basic survival needs of the family.

PROPOSED LAW

Provide that, whenever the income of the prior month has stopped or has been reduced, the state or local agency shall issue a supplemental payment to insure that the actual income received during the current month, combined with the retrospectively budgeted income, is not less than what the family is otherwise entitled to receive.

RATIONALE

While there is no problem in providing State and local agencies with simplified accounting processes, it is wrong to allow this process to result in families becoming homeless, when it can be addressed through a provision of automatic supplementation process.

**PROVIDE THAT OVERPAYMENT
RECOUPMENTS WILL BE LIMITED TO
UP TO 10 PERCENT OF THE ACTUAL
AFDC GRANT**

CURRENT LAW

Under current law, if an AFDC recipient is working and has an overpayment, the state agency can recoup the overpayment from the earned income disregards, which include the standard deduction, the \$30 deduction and the one-third deduction.

NEW LAW

Limit recoupment up to 10% of the maximum AFDC benefits to which the family is otherwise eligible notwithstanding the earned income.

RATIONAL

This would stop the existing practice of punishing persons who work by recouping so much money from their grant that they have to quit their job to pay the rent and feed their children.

**ANTI-FAMILY LAWS IN THE AFDC
PROGRAM**

**REPEAL THE STEPPARENT
DEEMING PROVISIONS**

CURRENT LAW

Under current law, if an AFDC woman decides to form a two-parent family and does this act by playing by the rules by getting married, the welfare laws now attack the man she married by making him responsible for her children who are not getting child support due to the irresponsible behavior of the child support bureaucrats. The current law will deem his income available to the children who are not his natu-

ral children, by taking his gross income, deducting a \$90 from his gross income and deducting an amount needed to provide for one person on AFDC. This puts great strains on the marriage. He had no idea that he would be responsible for the support of somebody else's children. He really thought that the child support bureaucrats were responsible persons and would be doing their job, rather than trying to make him do their job. This often leads to divorce.

NEW LAW

Revise the law to provide that only such income that the stepparent actually makes available to the AFDC children shall be considered income.

RATIONAL

The current law discourages two-parent families. Our laws should encourage two parent families. Our laws should not punish people who play by the rules.

**REPEAL THE 100 RULE AND WORK
QUARTER REQUIREMENTS FOR TWO-
PARENT FAMILIES**

CURRENT LAW

Under current law, if the principal wage earner of a two-parent family work over 100 hours and makes as little as one penny, the entire family would be ineligible for AFDC benefits. Current law also includes prior work experience as a condition of two-parent eligibility for AFDC. Thus teenage fathers cannot live with their families if they have no work experience.

NEW LAW

Repeal the limitation imposed upon two-parent families which are not imposed upon single parent families.

RATIONAL

The current law is anti-family and should be repealed.

ONLY DEEM INCOME FROM PERSONS WHO ARE RESPONSIBLE FOR THE SUPPORT OF THE CHILDREN

CURRENT LAW

Under current law, some persons who are not the natural or adopted parent of the AFDC child are being forced to support such child instead of going after the natural parent.

NEW LAW

Limit deeming of income to the natural or adoptive parents.

RATIONAL

This prevents certain men to be a part of the household and to have a male role model in the house. The change would encourage two-parent families.

KEEPING PREGNANT TEENS WITH THEIR FAMILIES

CURRENT LAW

Current law allows states to require AFD recipients under 18 to live with their parents as a condition of eligibility. If the teen mom stays with the parent, then the parents income is deemed to be available to the child who is the responsibility of the absent parent.

NEW LAW

If the State forces the child to stay with her parents, then the only person liable for the support of the child shall be the absent parent.

RATIONAL

Parents resent the fact that their daughter got pregnant by some man and now they are responsible for the support of their daughter and the child. The child should be the sole responsibility of the absent parent and not the parent.

CONCLUSION

We want to make it clear that local governments are still part of the "big government" problem. State and local governments have been submitting false claims to the federal government for years, without impunity, to obtain increased federal funding. Many believe state and local governments are closer to the people, thus are more accountable. This is far from the truth. State and local bureaucrats are just that -bureaucrats working for the state or local government. In fact, many former federal bureaucrats work for state and local government and visa-versa. And the States and local government are responsible for the carrying the goals of collecting child support. How have they performed? Miserable - over 15% failure rate or more. This will happen if States are given carte blanche authority to run the AFDC program. Maybe when they learn how to collect child support, then Congress should consider trusting States with the lives of our families and children. **WE DONT TRUST THE STATES.**

A Closer Look at the "GAIN: Three-Year Impacts of Six Counties" by Manpower Demonstration Corporation Report Dated June, 1994

MDRC, a nonprofit corporation advocating for workfare by issuing reports funded primarily by welfare officials, released its June 1994 Three-Year Report on the California Workfare ("GAIN") Program. The report shows evidence that: (1) GAIN fails to get AFDC families out of poverty and (2) the escalating costs to taxpayers for GAIN is not being offset by increased earnings of AFDC recipients participating in the GAIN Program.

T A B L E # 1

Counties	Difference of Total Monthly Earnings With and Without GAIN	County Monthly Costs Per Participant
Alameda	\$ 41.44	\$ 110.37
Butte	\$ 40.94	\$ 65.98
Los Angeles	\$ 7.22	\$ 99.73
Riverside	\$ 86.47	\$ 49.38
San Diego	\$ 49.22	\$ 53.83
Tulare	\$ 10.39	\$ 62.18
Statewide	\$ 39.28	\$ 73.58

1. GAIN fails to get AFDC families out of poverty.

The MDRC report reveals that after three years and expenditures in excess of \$1 billion, the monthly increased income for GAIN families, compared to non-GAIN participating families, ranges from \$7 to \$86 per month. The Statewide average is \$39.00 per month. This increase does not cover the cost of transportation and certainly does not propel families out of poverty. Rather, the family remains impoverished. See Table #1. It should also be noted that this increased

income does not result in savings to government because of the AFDC income disregards of \$90.

1. GAIN participants costs per \$1 increased earnings versus nonGAIN participants.

The Report also addresses the taxpayer cost of the earnings for GAIN and non-GAIN participants. The Report discusses

the five-year costs associated with the experimentals and the controls. The "controls" are the families who do not participate in GAIN, but still had access to the \$24 + billion employment programs in the U.S.

The Report establishes that for every tax dollar spent, the controls were able to earn more than the GAIN participants. See **Table #2**

It is clear that our government does not want all people to work. Why do workfare proponents still talk about self-sufficiency through workfare programs? Because the "workfare industry", which includes the

bureaucrats and researchers, need to insure that they continue to receive their own monthly welfare checks.

CONCLUSION

This study proves that GAIN does not make welfare families self-sufficient and per \$1 increased income is more costly to GAIN participants versus non-GAIN participants.

The report fails to mention that the persons who became self-sufficient with GAIN funds are the GAIN bureaucrats and the GAIN researchers not poor families.

COST OF INCREASED EARNINGS FOR GAIN AND NON-GAIN PARTICIPANTS PER MDRC GAIN 3-YEAR REPORT

T A B L E # 2	Counties	Taxpayer Costs for Each Increased \$1 Earnings of Non-GAIN Participants	Taxpayer Costs for Each Increased \$1 Earnings of GAIN Participants	Difference in Taxpayer Costs for Each \$1 In- creased Earnings Between GAIN and Non-GAIN Participants
	Alameda	\$.28	\$ 1.08	\$.81
	Butte	\$.21	\$.51	\$.30
	Los Angeles	\$.13	\$ 1.30	\$ 1.16
	Riverside	\$.30	\$.37	\$.07
	San Diego	\$.25	\$.40	\$.15
	Tulare	\$.21	\$.56	\$.35
	Statewide Average	\$.23	\$.63	\$.40

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Mr. NUSSLE. You did a very good job of staying within the time. I appreciate that.

I appreciate all your testimony that you have provided us here today, and most especially I appreciate the passion with which you bring that testimony. Particularly, Dr. Estes, the passion of your experience as well as, Ms. Garner, the passion of your experience, certainly has something for us to learn from.

Let me just ask you, particularly for somebody who was, as you put it, I believe, a welfare mom from back in 1965, why do you think it is we have more welfare mothers today and more people on welfare today—not just because there is, obviously, more people. Why do you think there are more today than there were even after all of the money that we have spent and the programs that we have devised and the bureaucracies that we have built? What is your sense from your perspective of having lived through it, as you have said? What is your perspective as to why it seems to be getting worse even though we do try harder?

I think what we can all agree on is that we have been trying during that period of time, I would suggest. Why does it seem to get worse, in your estimation?

Ms. GARNER. Well, I think there are a number of reasons. One, our society has changed drastically as to what they say is appropriate behavior. I really feel that the media asking what it means to be a woman, and to be a woman you must be a sex object. Therefore, in order to take and be a part of the crowd, you have to do what the media tells you. That is the first thing.

Two, I think we have come to two periods in our lives where there just has not been enough jobs for people. The school system has failed. We have a mixed message saying I am not going to teach you how to use family planning in order for you to take and plan your life and to be ready to assume motherhood at another time after you have gotten certain things accomplished. That is one thing. Two, we have a group of people in this world who say it is right, the right to have the unborn fetus to be born is a big crime. Yet at the same time we put all this blame on these young girls, whoever they be.

Now, really, I really think that in this room every woman in this country should be standing here in this room protesting the difference in our society that one receives certain kinds of approval and the other ones do not.

The other thing is I think it is really a very subtle kind of thing that is occurring. The young lady talked about maternity homes. When I was in social service, very few minorities could get into a maternity home. Very few. I think what you have in this country is a decrease of certain groups of people not having babies, but statistics say that in 1965 there was a 2.9 percent white women having children that were not married. In 1994, that had risen to 30 percent. Now, the black mother or the mother of color, she had a 29 or 30 percent children illegitimate in 1965. She currently has a rate of 69 percent.

Now, would you please tell me, what is the difference between the two as far as percentages are concerned? I really think that behind this whole movement there are certain people in this country who want to make sure that we produce more majority children for

adoption. And if you do that, then we are going to control where these children are going to be put. People do not have to go to Russia anymore or to Poland anymore to get a baby. They have babies already here. And what we do today is we say that people of color do not want to adopt children. That is not true. I have a daughter who has adopted three children, and she is not married.

But that is what I really think. I think it is our attitude. When I was a young girl—let me say this here—you might not even think you were going to be pregnant, because, let me tell you something, we got shipped—if you got pregnant, you got shipped someplace else. And your dad was going to kill you in the next place if you even come up being pregnant. There were certain things that you knew that you could not do and you better not do them. And I do not think we have that same kind of attitude coming from parents today.

I do not think that women have—I do not think really men have to be really based in the home. It is nice to have one. But if you look at the statistics, they say that the average man only spends 25 minutes a day with his kids. And all the time that is put into rearing those kids comes from the woman.

I am not saying it is right or wrong, but I think we balance the budget, we criticize the woman, and we never criticize the man.

Now, Pennsylvania has had the law that you all are fighting to put in your particular act, that you must establish the parent of the child. Well, we have been pushing that for a long time. We got ourselves the most punitive welfare bills I have ever seen come out of Harrisburg.

I really think that if we could talk to girls and tell them about what is going to happen to them in their future, men do not want children. Men do not want to take care of any extra children. But the average woman feels that until she has a baby for a man, she does not—you know, she wants his love. And I think that has a lot to do with it.

Now, do not ask me about the solution, because I do not have a solution. I think women have got to set their own goals and they have got to be able to move on to meet the challenge.

I appreciate the young lady here, but I also would like to tell you it took me 10 years to graduate from the University of Pittsburgh. So if you have a goal and you know what you want and you know it is important, you will keep pushing and keep pushing, and you will encourage your children to do likewise.

You set their goals. You condition those kids from the minute they get here as to what you want them to do. You encourage them. There are just certain things that you do. You plan. You know, the old adage is: A lawyer's son becomes a lawyer; a doctor's son becomes a doctor. And the same thing applies to anybody. If you do not sit and plan for your children's future, they will be staying in the same hole that they are existing in today.

That is my answer. I do not know if anybody else has an answer to it.

Mr. NUSSLE. I appreciate your answer.

Mr. Ford.

Mr. FORD. Thank you, Mr. Chairman.

Dr. Estes, I am reading something now from the Coalition of Women in Job Training, and let me see whether or not you would agree with this, you and Ms. Garner, maybe.

It indicates here that the average AFDC mother is 29 years old, has two children, and 4 years of work experience. But because of limited skills and education, these women have often been limited to low-wage jobs and part-time or temporary jobs, and many single mothers use welfare as a source of income between jobs because they do not qualify for unemployment compensation benefits.

It goes on to say that long-term self-sufficiency of women and their families must be the goals of any welfare reform effort. Welfare reform that simply gets women and their children off welfare will only increase poverty and homelessness.

Do you agree with the coalition's position and statement there?

Ms. ESTES. Well, without reading it in its context, I would say—

Mr. FORD. Just that part of the context. Would you agree with it?

Ms. ESTES. I understand that you are asking me if I agree that cutting people off welfare would interfere with their ability to advance. If they are in a situation as you described, then I would say yes, because the people need a period of time, call it transition if you like. They need a period of time.

I had one child. Really, even though it was hard, it was much easier than if I had two, and far easier than if I had three or four.

Mr. FORD. Really what I was focusing on is education and training.

Ms. ESTES. Education and training is essential, but it is really essential to train people in something besides turning hamburgers. It is important to train them with job skills that are for the next century, for the 21st century, because, as you know, our industrial age—I grew up in the upper Midwest, it is over, it is gone. It is over.

So people who have those skills many not have as many options as they would like. I would like to see educational programs for everyone, and wide open, no age limits, no year-long limits, you know, not 2 years here and 2 years there. If it takes her 10 years to graduate from college, then she should have help, and I am not saying that she should be subsidized. I am saying that she should have help all the way through those 10 years until she is done.

Mr. FORD. Well, the earned income tax credit along with a minimum wage or right about minimum wage job, if you had a food stamp disregard and Medicaid benefits, a person would be much better off than drawing public assistance cash benefits and food stamps. The income itself in the household certainly would double in some States. I am from a poor State which pays low cash benefits, Tennessee, in which a family of three receiving \$189 in cash benefits and about \$350 in food stamps, \$200 in Medicaid benefits, \$100 per month per child, even if they receive some type of subsidy, we know only about 40 or 30 percent of the welfare population receives any type of housing assistance.

But if you would take that and compare it with \$8,800 a year in minimum wage benefits, with \$3,200 in the earned income tax credit, along with a disregard for food stamps for the first year, it

seems to me that work would be a lot more attractive than welfare benefits to a welfare recipient.

Ms. ESTES. I think the titles of what they are perhaps do not matter so much, but the amount of money—and also when money is administrated by the Federal Government, one of the things that has been set up is that, not always but often, there are people who also add a psychological factor that can never be underestimated, and that is encouragement. They are encouraging of the people who they meet every day, and for myself, I actually was involved in eight different programs. Eight different programs. And at that time, there were more than that, but that was what I felt I needed. I could have taken more. I did not feel I needed to.

Mr. FORD. Thank you, Mr. Chairman.

Mr. NUSSLE. Thank you, Mr. Ford.

Thank you, ladies and gentlemen of our final panel, and thank you to those people who stuck it out to the bitter end to listen to all of the testimony and participate with us today, particularly to the Ranking Member, who I understand was here most of the day. That is not an easy job, and I appreciate it.

Mr. FORD. Thank you very much, Mr. Chairman, for hearing from all of the witnesses, and I certainly would like to thank all of the witnesses who have testified today, and those who will be tuning in to hear from the witnesses who have testified on welfare reform.

Thank you again, Mr. Chairman.

Mr. NUSSLE. Thank you.

The Subcommittee stands adjourned subject to the call of the Chair.

[Whereupon, at 6:44 p.m., the hearing was adjourned subject to the call of the Chair.]

[Submissions for the record follow:]

TESTIMONY OF MARGARET PRUITT CLARK
ADVOCATES FOR YOUTH, WASHINGTON, D.C.

Chairman Shaw and Members of the Subcommittee, I am Margaret Pruitt Clark*, President and Executive Director of Advocates for Youth (formerly the Center for Population Options). On behalf of Advocates for Youth, I am pleased to submit testimony to the Subcommittee on Human Resources for the record of its series of hearings on welfare reform. Of special interest to my organization is the topic of "Illegitimacy and Welfare," the title of the hearing held on January 20, 1995.

Advocates for Youth, a not-for-profit agency located in the nation's capital, was founded 15 years ago with the mission of increasing the opportunities for and abilities of young people to make healthy decisions about their sexuality. We provide information, education and training about adolescent reproductive and sexual health to youth-serving professionals, policymakers and the media.

In light of Advocates for Youth's mission and the work our organization does with and on behalf of young people, particularly in the field of teen pregnancy prevention, our organization has a strong interest in government policies directed at adolescents, be they parenting or non-parenting teens. To this end, I would like to share some observations which I hope you will consider as you proceed through the difficult process of analyzing the shortcomings of and improving the welfare system so as to facilitate sustained independence.

Despite the formal title of the hearing of particular interest to my organization, "Illegitimacy and Welfare," I intentionally do not use the terms "illegitimacy" or "illegitimate" in this statement. Simply put, no child should be called or considered illegitimate. Obviously, not all children are born to married people. But in a country where, ideally, the circumstances under which or into which an individual is born should not determine that person's identity or life outcome, labelling children with such a pejorative term is a step backwards in the realm of public policy debate. I will, therefore, use the terms "too-early childbearing" and "out-of-wedlock birth(s)" to describe the situation at issue.

The Personal Responsibility Act, H.R. 4, cites its purposes as restoring the family, reducing out-of-wedlock births, controlling welfare spending and reducing welfare dependence. Indeed, the federal government has an interest in and responsibility to promote the general welfare of society. It is not, however, within the purview of government coercively to prevent unmarried women from bearing children. Likewise, the government should not *de facto* force women to bear children. To do either intrudes upon the individual's right to control her own reproductive health.

There is an appropriate governmental interest, however, in the well-being of children, their health and the equality of opportunity afforded them. This means that where required the government should play a role in helping to ensure that children have the resources they need to be healthy and safe -- including access to services that provide basic needs such as food, clothing, shelter, health care, a safe home and community. In the context of welfare programs, specifically Aid to Families with Dependent Children (AFDC), the government would abdicate its responsibility if it were to withhold financial assistance to families for meeting children's basic needs.

H.R. 4 proposes to deny permanently AFDC benefits to children born to young women under 18 years of age; to allow states to deny AFDC benefits to children of mothers ages 18 through 20; and to allow states to deny housing benefits to those

* Dr. Clark received her doctorate in sociology from the University of Texas at Austin. She has served as a state legislator in the Maine House of Representatives and as the Executive Director of the Maine Adolescent Pregnancy Coalition.

families as well. From the "savings" that would result, states instead would be allowed to apply for grants to establish and operate orphanages, to promote adoption, to create and expand programs to discourage out-of-wedlock births, and to establish and operate closely supervised residential homes for unwed mothers, or to use the funds in any manner the state deemed appropriate to discourage out-of-wedlock births and to care for children born out-of-wedlock. At the same time states would be prohibited from spending any of these federal funds for abortions or abortion counseling.

Advocates for Youth objects to the Personal Responsibility Act's ill-conceived, anti-family, anti-youth, and anti-poor approach to reforming the welfare system. We do find some solace in the recent remarks of Senate Majority Leader Robert Dole (R-KS), who indicated that he does not support cutting off welfare payments to mothers under 18 who are in need of welfare benefits.¹ While there are many other provisions of the bill that disturb Advocates for Youth, I will confine my remarks to the above-mentioned areas which fall most directly within my organization's mission.

Since its inception in 1980, Advocates for Youth has studied the issues of teenage pregnancy and out-of-wedlock teenage childbearing and effective ways to address both issues. You will note that I refer to these as two distinct issues because, although they are clearly related, each has unique causes and solutions. Teenage pregnancy does not necessarily lead to teen childbearing. Those cases where it does provide some important information about the complex problem of teen childbearing.

The punitive proposals contained in H.R. 4 are based on the erroneous notion that there is a direct causal relationship between welfare dependency and out-of-wedlock births, particularly births to teens. We know that welfare, including AFDC, is not the cause of teenage pregnancy and childbearing. Poverty, poor schools, inadequate health care, lack of access to family planning services, lack of knowledge about sexuality, sexual abuse, parental neglect and lack of hope for the future are some of the myriad causal factors underpinning this nation's escalating number of teenage pregnancies. Welfare may enable many young women to support the results of poor decision-making or non-decision-making, in some cases. But AFDC payments themselves do not prompt the majority of adolescent girls to become pregnant or to give birth. Once we debunk these fast growing myths and appreciate why young women, especially poor young women, become pregnant and choose to have children, then we will be able to move toward stemming the rising tide of too-early childbearing.

The first step in addressing the problems of adolescent pregnancy and childbearing is to acknowledge the reality of teenage sexual activity. The statistics on teenage sexual activity should be of some help in that regard. Approximately one-third of 15-year olds in the United States have had sexual intercourse. Thirty-two percent of females and 58 percent of males age 16; 51 percent of females and 67 percent of males age 17, and 70 percent of females and 79 percent of males age 18 report having had intercourse.² Looking at rates of sexual activity broken down by race and ethnicity we see the following trends. Among unmarried 15- to -19-year-old males, 81 percent of African Americans, 60 percent of Latinos and 57 percent of European Americans have had sexual intercourse.³ Among unmarried females ages 15 to 19, 61 percent of African-Americans, 49 percent of Latinos, and 52 percent of European Americans have had sexual intercourse.⁴ Research has shown that the younger a woman is at the time of her first sexual experience, the more probable it is that the encounter was forced, that is, took place without her consent. Seventy-four percent of women who had intercourse before age 14 and 60 percent of women who had intercourse before age 15 report that it was involuntary.⁵

The decline in the average age at first intercourse has coincided with a rise in the

average age at first marriage. In 1950 the average age at first marriage for men was 23 and for women it was 20. Four decades later the average age for men is 26 and 24 for women.⁶ Reflecting the worldwide trend toward marriage at an older age (if at all), the likelihood that a young woman will have intercourse before getting married has almost doubled in the past thirty years.⁷ In light of these changes, it is highly unrealistic to expect that young people will wait until marriage to become sexually active, and indeed, they do not. Therefore, the responsible approach is to provide access to reproductive health information and services to ensure that unintended pregnancies and unwanted births do not result once teens become sexually active. In addition, for some young women, African Americans in particular, the prospect of marriage is rapidly diminishing due to high unemployment rates and the lack of educational and labor opportunities for African American men. Still, for some young women, enhanced economic independence along with changing gender roles has made the desirability of marriage questionable.

Compared with other industrialized countries, the United States has the highest adolescent pregnancy, abortion and birth rates, with 43 percent of all adolescent females estimated to experience at least one pregnancy before they reach the age of 20.⁸ In 1989, an estimated 1,050,040 females under the age of 20 experienced a pregnancy. The pregnancy rate for females under 20 was 118.8 per 1,000 women up from 98.9 in 1973.⁹ We know that approximately 2,800 adolescents become pregnant each day: 1,300 will give birth; 1,100 will terminate the pregnancy; and 400 will miscarry.¹⁰ Three quarters of all unintended pregnancies occur to adolescents who do not use contraception.¹¹

Teen birth rates and marriage rates in the United States must also be considered in a larger global context. This country does not fare well when compared with other industrialized nations. In countries such as Sweden and the Netherlands, where the national governments have made philosophical and monetary commitments to family planning and comprehensive sexuality education, teen pregnancy rates and birth rates are significantly lower than in the United States. Yet the level of sexual activity among adolescents in those countries is similar to that in our country, indicating the beneficial effects of social and financial commitment to prevention and education instead of punishment when addressing teen sexuality.

This brings us to the relationship between too-early childbearing and welfare dependency. Contrary to the current negative rhetoric about teen mothers and the assertion that welfare benefits encourage young women to get pregnant, statistics suggest otherwise. **Most teenagers do not want to become pregnant.** In fact, 82 percent of teenage pregnancies are unintended, resulting from a variety of factors, including peer pressure, lack of self-esteem, poor communication between adults and adolescents, lack of understanding of reproductive health, lack of access to family planning information and resources, insufficient access to alternative constructive recreational activities, sexual abuse, or coercion arising from the significant age disparity between some young women and their partners. **As a nation, we could make significant strides toward reducing the number of teen pregnancies by funding youth programs that are sensitive to and treat the multidimensional nature of the problem.**

Further, the causal relationship some have drawn between financial incentive and childbirth does not reflect an informed understanding of adolescents. Young women do not, as a general rule, have children in order to receive AFDC benefits or in order to set up their own households. If the incentive relationship between welfare payments and out-of-wedlock teen births were true, then we would expect to see higher teen birth rates in those states where AFDC payments are highest and lower birth rates where the payments are low. This would follow the flawed logic of "the bigger the AFDC check the more likely an adolescent would be to have a baby." In fact, the numbers do not support this theory. For example, in 1990 the average AFDC benefit received per

recipient in the state of Connecticut was \$206. The birth rate (births per 1000 women) in the 15 to 19 age group in Connecticut that year was 38.8. Compare this with Mississippi, where the average per person AFDC payment in 1990 was \$40, less than one-fourth of the amount in Connecticut. Yet Mississippi's birth rate for 15- to 19-year old to was 81.0, more than twice the rate in Connecticut. Alaska made an average payment of \$246 per person. The pregnancy rate for 15- to 19-year-old women was 65.3. Louisiana, in contrast, paid AFDC recipients \$56 each on average. Yet the state's birth rate was 74.2, higher than Alaska's. The average payment in both Arkansas and Tennessee was \$66. The birth rates for women ages 15 to 19 were 80.1 and 72.3, respectively. In contrast, Massachusetts paid each AFDC recipient \$204 on average. Yet the birth rate was a relatively low 35.1.¹² These numbers are consistent with research indicating that teenagers are not motivated to become pregnant and give birth based on the potential for minimal financial gain.

The issue grows more complicated, however. While the majority of teenage pregnancies are unintended, as many as half of young women who become pregnant unintentionally are ambivalent about pregnancy and even about taking active steps to avoid pregnancy.¹³ That is, they take an alarmingly indifferent "shrug the shoulders" approach to some very important life decisions. Again, the key to dealing effectively with teen pregnancy and early childbearing is to address young women's indifference about the future by providing options for the future in the form of educational resources and employment opportunities.

Efforts to reverse the growth trends in the number of teenage pregnancies and early childbirths should not be just part of welfare reform, but should be the focus of a larger national legislative initiative to give young people the attention, services and resources they need to be self-sufficient before problems arise. The focus cannot solely be on young women because they are only half of the equation when it comes to making babies. Male involvement at all levels must be part of the formula for solving these problems. I will outline below some of the steps we must take if we want to give all young women and men the chance to have healthy, productive futures.

We know that the first link in the chain of both issues is teen sexual activity. Young people -- male and female -- should be encouraged to delay sexual activity until they are prepared to assume the obligations that it can bring. This means equipping adolescents with tools beyond "just say no." We have to teach adolescents how to say no. At that same time, many teens need to be given reasons to say no to early sexual involvement. Particularly in economically-depressed neighborhoods, adolescents need alternative recreational activities and other incentives not to engage in high-risk behaviors.

We must also encourage responsible behavior by those young people who do choose to be sexually active so that they will be at lesser risk for experiencing sexually transmitted diseases, HIV/AIDS and unintended pregnancy. As other industrialized nations have found, encouraging adolescents to delay having sex and informing them how to protect themselves should they choose not to delay are not contradictory goals. Rather, they complement each other because they respond realistically to the range of social behaviors in the adolescent population.

If we want young people to become responsible citizens who make thoughtful decisions about important life matters -- educational pursuits, family formation, childbearing -- then we have to treat young people accordingly. They will live up or down to our expectations. Responsible adults -- parents, relatives, teachers, guidance counselors, coaches, ministers, volunteer mentors, concerned friends -- must help young people develop good decision-making skills which include identifying a desired goal,

evaluating the merits of that goal, weighing the costs and the potential gains, and considering the potential outcomes.

These are not "pie in the sky" ideas. There are concrete ways to bring them to fruition. First, federal resources should be directed at comprehensive school- and community-based youth service programs. These are places where young people learn and receive social and academic skills, family-life education, family crisis intervention counseling, pre-employment training, conflict resolution and violence prevention skills, and participate in athletic and artistic activities. Examples of successful programs that could serve as model programs include: Meharry Medical College's "I Have A Future" program in Nashville; The Children's Aid Society, run by Michael Carrera in New York City; and Grady Memorial Hospital's "Human Sexuality, Postponing Sexual Involvement," run by Marion Howard in Atlanta. (I would be happy to provide information about of other programs if the Subcommittee is interested.)

Since we must attack these problems from all angles, other approaches include the promotion of abstinence-based (but not abstinence-only) sexuality education beginning no later than the fourth grade; funding for peer-based and adult mentoring programs for young people at highest risk for pregnancy, STD and HIV infection. In addition, adults, particularly those in the communications field, must send consistent messages that say early adolescent childbearing (as opposed to teenage sexual expression) is wrong.

Finally, other critical areas where the federal government can make a difference in reducing the number of teenage pregnancies and births include continued support for Title X; elimination of the "Gag Rule" and the Hyde Amendment restricting women's access to abortion counseling and abortion, respectively; increased support for school-based and school-linked health centers which provide reproductive health services; and removal of restrictions on condom availability.

The guiding goal of welfare reform must be to help people become self-sufficient and to achieve sustained financial independence for their families. This means making sure that young people acquire marketable job skills and ensuring that there are jobs that provide not just a "survival wage" but a living wage. It also means that young people must be given adequate support to make it to the job market with their health intact and without premature responsibilities, such as children of their own.

Those of us who work with and on behalf of youth urge policymakers to abandon the flashy and empty political rhetoric and pay attention to the real reasons adolescents become pregnant and give birth. Once this country makes a true commitment to invest in human capital, starting with our youth, the results will be born out positively in the welfare system and our other safety net services.

ENDNOTES

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4. Alan Guttmacher Institute, *Sex and America's Teenagers*, New York, 1994, p.26.
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10. Calculated using Henshaw, S., "U.S. Teenage Pregnancy Statistics," Alan Guttmacher Institute, New York, 1992.
11. Westoff, C. "Contraceptive Paths Toward the Reduction of Unintended Pregnancy and Abortion," *Family Planning Perspectives*, Vol. 20, No. 1, Jan/Feb 1988.
12. AFDC figures: U.S. House of Representatives, *Overview of Entitlement Programs: 1991 Greenbook*, Washington, D.C., May 7, 1991. Teen birth rates: U.S. Department of Health and Human Services, *CDC Morbidity and Mortality Weekly Report*, Vol. 42, No. SS-6, December 17, 1993, Table 3.
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**TESTIMONY OF DEBORAH LEWIS
AMERICAN CIVIL LIBERTIES UNION**

Mr. Chairman and Members of the Subcommittee:

On behalf of the American Civil Liberties Union, I thank you for the opportunity to submit written testimony to the subcommittee on the civil liberties implications of many of the welfare reform proposals currently under discussion. The ACLU is a non-profit organization of over 275,000 members dedicated to the preservation of individual liberties and constitutional rights. The ACLU's mission is to defend the civil liberties of everyone within the United States, including people living in poverty. Often it is the poorest Americans who are most vulnerable to restrictions of their constitutional rights.

The Personal Responsibility Act, H.R.4, was introduced at the beginning of the 104th Congress and became the vehicle for welfare reform debate. That debate and discussion has been extremely wide-ranging. As a result of the range of ideas under discussion, it is possible that the welfare reform bill that is ultimately acted upon by this committee and by the House of Representatives as a whole will look quite different from the Personal Responsibility Act. This testimony will respond to some of the most serious civil liberties concerns raised both in H.R.4 and by the welfare reform debate in general.

Although the constitution does not guarantee the right to receive welfare, the ACLU believes that some of the proposals currently under discussion implicate constitutional rights. Once the government decides to give welfare benefits -- as the United States did during the New Deal -- there are constitutional limits to the conditions that it can attach to these benefits.¹

The Child Exclusion. The Personal Responsibility Act contains three provisions that would exclude children from receiving Aid for Families with Dependent Children (AFDC), the primary welfare benefit for poor children, because of the circumstances of their birth:

- Children born to families already receiving AFDC would be denied benefits;
- Children born to unmarried teen parents would be denied benefits;
- Children whose paternity has not been officially established by the state, even if the mother cooperates fully, would be denied benefits.

The first of these child exclusions, the denial of benefits to

¹ See, Kathleen M. Sullivan, Unconstitutional Conditions, 102 Harv. L. Rev. 1413 (1989).

children born to families receiving welfare -- sometimes referred to as the family cap -- was proposed as a state option in the Clinton administration's welfare reform proposal in the 103rd Congress.

All three of these provisions violate the longstanding constitutional principle that children should not be punished for the decisions of their parents, decisions the children cannot control. In 1982, in the case of Plyler v. Doe, the United States Supreme Court struck down a Texas law that prevented the children of undocumented aliens from attending school on the grounds that the law impermissibly punished children for the conduct of their parents in violation of the Equal Protection Clause of the constitution.² All three of these child exclusion provisions have this impermissible effect.

1. Punishing poor children for being born into families receiving AFDC. Currently, a family's AFDC benefits level is calculated on a per capita basis, so that payments increase with the birth of an additional child -- just as a middle class family's dependent tax deduction increases with the birth of an additional child. This child exclusion would eliminate this incremental increase in benefits if a child is born while his or her parent is receiving benefits, thereby depriving that child of the welfare safety net and depriving the entire family of assistance needed to pay the rent and other household expenses.

This provision is based on the stereotype of the large and ever growing welfare family. In fact, most parents receiving welfare have only one or two children.³ The average size of a family receiving welfare is slightly smaller than the average size of American families in general.⁴

The other stereotype fueling the idea that further impoverishing families will decrease their size, is the idea that welfare provides a comfortable life. In fact, the combined benefits available to families from AFDC and food stamps are below the poverty line in all 50 states and the District of Columbia. In 42 states, the benefits are below 75% of the poverty line, less than \$9240 a year for a family of three.⁵

² 457 U.S. 202, 220.

³ Congressional Budget Office, Sources of Support for Adolescent Mother, 44 (1990).

⁴ Mimi Abramowitz and Fred Newton, Challenging the Myths of Welfare Reform, BCR Reports.

⁵ Center on Social Welfare Policy and Law, Living at the Bottom: An Analysis of AFDC Benefit Levels, June 1994.

It is important to keep these benefit levels in mind when analyzing the constitutional implications of the deprivation of even a small portion of a family's monthly AFDC payment. For many families, the level of payments forms the fragile line between subsistence on the one side and homelessness and family deterioration on the other.

The average incremental increase in benefits for children is \$57, or \$684 a year. It is this small increase that would be eliminated through the child exclusion. The United States Department of Agriculture has estimated that a family that has an income of less than \$32,000 a year spends approximately \$4310 a year for a child under 2 years old.⁶ Catholic Charities has estimated that a bare-bones monthly budget for one infant born to family receiving AFDC would require expenses of approximately \$117.50 a month.⁷ Under any analysis, a new child costs more than the monthly AFDC benefit of approximately \$57.

We believe that this provision violates two constitutional principles. First, the policy violates the right to privacy in particular women's reproductive rights, in the same manner that anti-abortion laws and restrictions on birth control violate these rights. The purported goal of the child exclusion is to coerce women receiving welfare into not having children through the threat of eliminating critical subsistence benefits.

The ACLU has long believed that the decision to have children or not to have children is an intimate, purely personal decision that belongs to the individual woman. The constitutional right to privacy with respect to reproductive decisions was announced by the Supreme Court in 1965 in Griswold v. Connecticut when the Supreme Court held that the government cannot prohibit married couples from practicing birth control.⁸ It was reaffirmed in 1973 in Roe v. Wade, when the Supreme Court held that women have the right to terminate their pregnancies.⁹ Just as the government cannot prohibit a woman from practicing birth control or having an abortion, the government cannot coerce these practices through the threat of termination of subsistence benefits. The child exclusion essentially creates a means test for the full exercise of reproductive freedom.

⁶ Expenditures on a Child by Families, 1993, Technical Report, Family Economics Research Group, Agricultural Research Service, United States Department of Agriculture, Table G.

⁷ "How the Proposed 'Family Cap' Would Affect Children in Median State," Catholic Charities USA, 1995.

⁸ 381 U.S. 479.

⁹ 410 U.S. 113.

The second constitutional principle violated by this provision is the guarantee of equal protection. If the government is going to deny benefits to one group of people while allowing benefits to others who are similarly situated, the Equal Protection Clause of the constitution requires the government to have either a rational basis or a compelling reason for distinguishing between two groups.

The child exclusion makes several distinctions that violate this principle. The policy treats children born while their parents are receiving welfare differently than children born prior to the time their parents receive welfare. In addition, the provision treats children born while their parents are receiving benefits differently than taxpayers who receive a subsidy from the government in the form of the dependent's tax deduction. In most states this tax deduction results in greater "payment" than the amount of money eliminated through the child exclusion. Essentially, the federal and state government pay both families on welfare and families paying taxes an amount of money based upon the number of children in the family. The child exclusion targets America's most vulnerable children to be the only ones excluded from this government policy.

The Supreme Court has articulated different levels of scrutiny for evaluating equal protection claims. We believe that the child exclusion should be evaluated through the highest, strict scrutiny, standard because it implicates the constitutional right to privacy. However, the possible rationale for implementing a child exclusion, limiting the birthrates of families receiving welfare, do not meet even the lower, rational basis, standard of scrutiny. Restricting the right of poor women to procreate is not a legitimate government function.

2. Punishing children for the marital decisions of their parents. The Personal Responsibility Act would deny benefits to all children born to unmarried parents age 18 or younger. States would have the option of increasing the age to 21. The exclusion applies for the entire childhood of the child unless the parent marries the biological parent of the child or someone who adopts the child.

The exclusion would remain long after the parent becomes an adult. Thus, the 10 year old child of a 27 year old woman who had always worked to support her family would be denied benefits if her mother lost her job and had to apply for AFDC for the first time. This is true even if the mother is or has been married, as long as she doesn't marry the child's father. In this manner, the bill would permanently stigmatize and punish children born out-of-wedlock.

This age-old stigmatizing of children because of the marital decisions of their parents violates the constitutional guarantee of equal protection. Over 20 years ago, the United States Supreme Court struck down the legal category of illegitimate children. In

1972 the Supreme Court ruled that the out-of-wedlock children of a man killed in a work related accident could recover workmen's compensation money for his death in spite of the fact that Louisiana treated "illegitimate" children differently than "legitimate" children under the workmen's compensation law.¹⁰ The law was part of a structure of statutes designed to deter out of-wedlock births, much like the child exclusion of today. The Court concluded that:

Obviously, no child is responsible for his birth and penalizing the illegitimate child is an ineffectual -- as well as an unjust -- way of deterring the parent. Courts are powerless to prevent the social opprobrium suffered by these hapless children, but the Equal Protection Clause does enable us to strike down discriminatory laws relating to status of birth where -- as in this case -- the classification is justified by no legitimate state interest, compelling or otherwise.¹¹

This case followed a 1968 case in which the Court struck down the provisions of Louisiana's wrongful death law that excluded out-of-wedlock children from the group of children entitled to recover for a parent's death, saying that "[t]he rights asserted here involve the intimate, familial relationship between a child and his mother . . . Why should the illegitimate child . . . be denied correlative rights which other citizens enjoy?"¹²

Essentially, the Supreme Court said that all children are legitimate in the eyes of the law. We urge Congress to be mindful of these Supreme Court cases in evaluating the effect of the child exclusion.

3. Punishing children because the state has not officially established their paternity. The Personal Responsibility Act would exclude children from receiving benefits if the state has not officially established their paternity. This provision would apply even if the mother cooperates fully with the state. Every state has a backlog of paternity establishment cases, often a considerable backlog, because of resources needed to complete the task and finalize the paperwork. During the period of time that the state is processing the paperwork -- even if it takes years -- there is nothing a mother can do to get subsistence benefits for her children.

¹⁰ Weber v. Aetna Casualty and Surety Co., 406 U.S. 164.

¹¹ Id.

¹² Levy v. Louisiana, 391 U.S. 68.

This provision would apply even if the reason paternity has not been established is that the father is obstructing the process. In this manner, the Personal Responsibility Act creates additional hardships for the more responsible parent.

If this provision were in effect today, 2.8 million children currently receiving AFDC would be excluded from receiving this necessary support.¹³

Like the other child exclusion provisions, this provision violates the constitutional prohibition on punishing children for the conduct of their parents. The paternity establishment provision is particularly cruel because it would also punish children for the conduct of the state bureaucracy.

The provision also violates the Equal Protection Clause for treating children whose paternity has not been officially established differently than children whose paternity has been established without a justifiable -- rational or compelling -- reason.¹⁴

Current law has strong incentives for women to cooperate in the establishment of the paternity of their children. Increasing the hardship on families who do cooperate does nothing to enhance these incentives.

Some proponents of this and the other child exclusion provisions may support it as a way to save taxpayers' money. In looking at the costs and savings involved in implementing the child exclusion, it is important to consider the long-term effects of limiting subsistence benefits, and particularly the effects of malnourishment on very young children. Any short term savings created by eliminating children from the welfare safety net are likely to be offset by far larger long term expenses for special education, health care, homelessness shelters and the criminal justice system as a result of limiting support for the very young.

Putting children in institutional settings, orphanages, is more expensive than giving them the security they need to keep

¹³ Dan Bloom, Sharon Parrott, Isaac Shapiro, and David Super, The Personal Responsibility Act: An Analysis, Center on Budget and Policy Priorities, November, 1994.

¹⁴ Once again, we believe that the appropriate level of equal protection scrutiny for this provision is the highest, strict scrutiny because it implicates the right to privacy. However, we also believe that this provision would fail to satisfy even the lower, rational basis, level of scrutiny because it is not a legitimate function of government to penalize children because the state has not established paternity.

families intact. As civil libertarians concerned with government overreaching, we do not believe that the government can or should be raising children. Welfare reform should be designed to keep families together, not to tear them apart.

Teen parent residency requirement. Many welfare reform proposals, including the Personal Responsibility Act and the Clinton administration proposal would require teen parents with dependent children eligible for AFDC to live with their parent or legal guardian. There are exceptions for teenagers who have a parent or guardian, who are married, who have lived apart from their parents for at least a year or if the health or safety of the teenager would be endangered by the requirement. Current law allows states to impose this requirement on parents who are 18 years old and younger. The PRA would raise the age to 19 and require state to implement the provision.

This provision burdens those teenagers who are most at risk. Many teenage mothers do choose to live with their parents and are welcomed in their parents' homes. Those who do not live with their parents generally have a rational reason for that choice. A disproportionate number of teen mothers have been abused by family members. Of women who had become pregnant during adolescence interviewed for a study done by the U.S. Department of Health and Human Services, 66% reported that they had been sexually abused, with 54% of those who reported being molested saying that had been victimized by a family member.¹⁵

Requiring teen parents to live with an adult may be a back door method of excluding teen parents from receiving benefits altogether. In order to qualify for benefits, an applicant must have resources and an income below a specified amount. If a state counts the teenagers' parents' income in assessing eligibility, even if the money is not actually available to the child, that teenager may not qualify for much needed benefits. This process of assuming that income is available to the welfare applicant even when it is not is known as income deeming or income assumption. Deeming practices raise due process concerns because they arbitrarily deny benefits to impoverished individuals in need of assistance.

The Gag Rule. The original "gag rule," during the Reagan administration, barred federally funded family planning programs from providing any abortion referrals or counseling. The Personal Responsibility Act contains a gag rule that would designate certain federal block grants to assist teenage mothers, but prohibit the

¹⁵ Debra Boyer and David Fine, Victimization and Other Risk Factors for Child Maltreatment Among School Age Parents: A longitudinal Study, National Center on Child Abuse and Neglect, Administration for Children and Families, No. 90-CA-1375.

use of these funds for abortion counseling. This "gag rule" would mean that staff in these programs would not be allowed to discuss abortion with a client, even if the client asks for information. Such government-imposed censorship is antithetical to the guarantee of free speech in the First Amendment of the United States Constitution.

This proposal to revive the gag rule would do a grave disservice to women and their families. The Constitution affords women the right to decide whether to carry a pregnancy to term or to end it. When determining whether or not to continue a pregnancy, women must weigh a host of medical, familial, religious, economic and social considerations. To make the optimal choice for their health and circumstances, they need complete information about all the medical options available to them. The government should not dictate or influence women's reproductive choices by censoring relevant information.

Scapegoating Immigrants. The Personal Responsibility Act contains a provision that would exclude noncitizens from an extraordinary range of essential government services, regardless of their immigration status. All noncitizens would be ineligible for family planning, child welfare, foster care, nutrition programs, immunizations, lead poisoning screening, Legal Services, emergency food and shelter and many more programs. The only exceptions would be refugees for their first six years in the United States and people over the age of 75 who have been in the country for at least 5 years.

The implications of such a heartless exclusion are startling. Immigrant children would be subject to life-threatening abuse without any protection. Parentless children would have no home. Homeless families could not even go to shelters -- they would literally have to sleep on the streets. Hungry children would have to watch their citizen classmates eat their school lunches without any nourishment. Families would starve.

Private charities and religious organizations cannot provide for those excluded by these and other exclusions in the PRA. As the Reverend Fred Kammer, President of Catholic Charities, recently told a reporter, "Severe cuts would mean that we are going to be inundated with more people needing survival assistance from us. Where will the money come from to make it possible to save those people from starvation or illness or death?"

Targeting immigrants as a class for exclusion serves no positive public policy goal. Since most of the affected immigrants come to the United States in full compliance with, and often with strong encouragement of, the law, excluding them will not curb illegal immigration. The only immigrant group that receives

benefits at a higher rate than citizens is refugees.¹⁶ Refugees however, are exempted from the effects of this exclusion for their first six years in the country. There is no rational reason for targeting non-refugee immigrants, as the PRA does, because they receive welfare coverage at a lower rate than citizens.¹⁷

In 1976 the Supreme Court rules in Mathews v. Diaz that the federal government could deny benefits for lawful residents for their first five years in the United States because of Congress' role in controlling the borders.¹⁸ The ACLU believes that this practice of excluding immigrants violates their constitutional right to equal protection. Congress has an independent obligation to interpret the constitution and the authority to change this discriminatory practice.

Immigrants pay taxes like everyone else. They also receive welfare benefits for the same reasons that everyone else receives benefits: loss of jobs, illness, disability, divorce or other changes in life circumstances. The only reason to target immigrants for exclusion is that they are vulnerable, as they have been throughout our history. The ACLU finds this an unacceptable basis for exclusion.

Conclusion. The ACLU opposes any child exclusion proposals, teen residency requirements, exclusion of immigrants or return to the gag rule. We will closely monitor the welfare reform debate as it unfolds in Congress. We would be glad to work with this subcommittee and other members of Congress further to articulate meaningful welfare reform within the bounds of the constitution.

¹⁶ Michael Fix and Jeffrey S. Passel, The Urban Institute, Immigrants and Welfare: New Myths, New Realities, Testimony Before the U.S. House of Representatives Committee on Ways and Means, Subcommittee on Human Resources, (November 15, 1993).

¹⁷ Id.

¹⁸ 426 U.S. 67.

**TESTIMONY OF BILL HARRINGTON
AMERICAN FATHERS COALITION**

MY NAME IS BILL HARRINGTON AND I AM THE NATIONAL DIRECTOR OF THE AMERICAN FATHERS COALITION - A NATIONAL UMBRELLA ORGANIZATION FOR 280 FATHERS ORGANIZATIONS FROM ALL OVER AMERICA. WE ARE THE POLITICAL VOICE FOR RESPONSIBLE FATHERS WHO WANT DAY TO DAY PARENTAL INVOLVEMENT WITH THEIR CHILDREN.

THE AMERICAN FATHERS COALITION HAS BEEN INVOLVED WITH THIS CURRENT WAVE OF WELFARE REFORM FROM THE BEGINNING OF PRESIDENT CLINTON'S ANNOUNCEMENT NEARLY TWO YEARS AGO. WE ARE PLEASED TO SEE PROGRESS ON THESE CRITICAL ISSUES, AND WE ARE PLEASED TO HAVE THE OPPORTUNITY TO HAVE A STATEMENT FOR THE RECORD IN 1995.

WELFARE REFORM CANNOT SUCCEED WITHOUT FATHERS

IT IS OUR GENERAL POSITION THAT WELFARE REFORM CANNOT SUCCEED WITHOUT INCLUSION OF POSITIVE FATHER PARENTING ISSUES. FATHERS ARE 50% OF THE AFDC PARENTS, AND WE NEED TO SEE FATHERS BECOMING MORE INVOLVED WITH THEIR CHILDREN, NOT LESS. OUR SPECIFIC 7-POINT WELFARE REFORM PROPOSAL IS ATTACHED.

SUPPORT FOR H.R. 4

WE SEE GREAT IMPROVEMENTS IN H.R. 4 IN TERMS OF MANDATORY PATERNITY ESTABLISHMENT, NEW POLICIES THAT GIVES NEVER-MARRIED FATHERS SOME BELIEF THAT 14TH AMENDMENT DUE PROCESS RIGHTS FOR CHILDREN, TO KNOW AND TO BE PARENTED BY THEIR FATHERS, WILL BE ENHANCED UNDER H.R. 4, A BIG CONTRAST TO THE EXISTING SYSTEM. WE FAVOR A SYSTEM WHERE THE STATE INTERVENES ON BEHALF OF THE CHILD AND BOTH PARENTS ARE NAMED AS DEFENDANTS IN THE PETITION TO DETERMINE PARENTAGE UNTIL A FORMAL PROCEEDING, EITHER ADMINISTRATIVELY OR JUDICIALLY IS HELD WITH BOTH PARENTS PRESENT, WHERE TEMPORARY CUSTODY IS FORMALLY ESTABLISHED. WE NEED TO END AUTOMATIC CUSTODY WITH MOTHERS TO REALLY HELP CHILDREN.

FOR A MORE DETAILED DISCUSSION OF OUR WELFARE REFORM PROPOSALS, AND OUR THINKING BEHIND THEM, PLEASE REVIEW OUR AUGUST 16TH, 1994, STATEMENT FOR THE RECORD, AND OUR JULY 27TH TESTIMONY ON PATERNITY ISSUES.

FATHERS ARE 50% OF THE AFDC PARENTS AS WE HAVE SAID, AND WITHOUT PROPOSALS THAT TREAT FATHERS WITH DIGNITY, AND WITH UNDERSTANDING, MORE CHILDREN WILL END UP WITHOUT FATHERS AND OUR SOCIAL SERVICES SYSTEM IS LEFT TO PICK UP THE COSTS.

\$67,000,000,000 SAVINGS FROM FATHER PARENTING

THE GREATEST BENEFIT FOR TAXPAYERS IS TO HAVE FATHERS, WITH JOBS ABOVE THE POVERTY LEVEL, CARING FOR THEIR CHILDREN. FATHERS WITH JOBS, DIRECTLY RAISING AND PARENTING THEIR CHILDREN COST NOTHING FOR WELFARE. AGAIN, SEE OUR AUGUST 16TH STATEMENT.

CAMPAIGN AGAINST POVERTY NEEDED.
NOT CONTINUING DISCRIMINATION AGAINST FATHERS

WHAT IS NEEDED IN AMERICA IS A "NEW" POSITIVE CAMPAIGN AGAINST POVERTY. FATHERS ARE THE SINGLE GREATEST ANSWER TO CHILD POVERTY AND FATHERLESS CHILDREN. POLICIES, PROCEDURES, AND ANTI-FATHER GENDER BIAS IN OUR EXISTING SYSTEM ALLOWS MOTHERS A POSITIVE CHOICE TO PLACE CHILDREN IN POVERTY, AND THE FATHER GETS ALL THE BLAME. OUR EXISTING SYSTEM NEEDS TO BE RADICALLY CHANGED, AND H.R. 4, IS A BIG STEP IN THE RIGHT DIRECTION.

POSITIVE FATHER PARENTING, FATHER CUSTODY & FATHERS AS BABYSITTERS OF FIRST RESORT. OFFERS CONGRESS EXCITING NEW REALISTIC POLICIES THAT CAN ACTUALLY SERVE TO REDUCE AFDC CASELOADS. WE BELIEVE AMERICA SUPPORTS FATHER INVOLVEMENT. WE SEE FATHER PARENTING ISSUES AS A FIRST OPTION, AHEAD OF FOSTER CARE, ADOPTION AND ORPHANAGES. WHILE THE CRISIS FACING MILLIONS OF CHILDREN IS REAL, AND PROPOSALS FOR INCREASED FOSTER CARE, ADOPTION AND ORPHANAGES ARE NECESSARY OPTIONS, WE BELIEVE FATHERS SHOULD BE CONSIDERED AS A FIRST OPTION.

WELFARE REFORM DID NOT SUCCEED IN 1984 & 1988 BECAUSE TOO MANY OF THE PROVISIONS WERE ANTI-FATHER IN NATURE. WE FULLY UNDERSTAND THERE WERE GOOD MOTIVES AT WORK, BUT UNINTENDED CONSEQUENCES HAVE WORKED TO CREATE MORE FATHERLESS CHILDREN, NOT LESS. OUR FEDERAL GOVERNMENT HAS NEVER RESEARCHED THE DYNAMICS OF THE ABSENT FATHER SYNDROME, AND IT IS OUR OPINION THAT UNTIL WE DO SO, AND WITHOUT INCLUSION OF POSITIVE FATHER PARENTING POLICIES, WELFARE REFORM IS DOOMED TO LIMITED SUCCESS OR OUTRIGHT FAILURE.

OUR GENUINE GOAL IS TO BE A POSITIVE PART OF THE CURRENT 1995 POLITICAL PROCESS FOR REALISTIC WELFARE REFORM. WE SEE GREAT OPPORTUNITIES IN H.R. 4, FOR A BEGINNING OF A NEW DIRECTION.

WE THANK THE SUBCOMMITTEE ON HUMAN RESOURCES FOR THIS OPPORTUNITY TO TESTIFY AND CONTRIBUTE TO RADICAL REFORM OF OUR EXISTING WELFARE SYSTEM. FATHERS ARE THE "MISSING" FACTOR IN WELFARE REFORM AND WE HOPE THIS WILL END IN 1995.

Welfare Reform — No Room for Daddy?

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Welfare reform proposals being offered by Congress and the White House contain an unfortunate omission -- they fail to give children a father. Welfare reform cannot be accomplished unless reformers are willing to put fathers back in the home.

7 STEPS TO WELFARE REFORM AND HEALTHY CHILDREN

The AFC plan gives children a father, and makes mothers and fathers both financially responsible for the children they bear. Under the present system and under all "reform" proposals, mothers collect benefits for having children out of wedlock and bear no responsibility for repaying those benefits. Until the person who actually receives the benefits is held responsible for repaying the cost of those benefits, welfare will continue to be an incentive for having children out of wedlock. And, until children are allowed to have fathers, they will continue to be at high risk for school drop-out, delinquent behavior, and unwed, teenage parenthood.

AFC makes the following proposals:

- 1) **Custody:** The father should be the placement of first choice if the mother applies for AFDC. This simple change in procedure will immediately cut the AFDC rolls in half, save government 100s of millions of dollars, and provide children with solid, loving homes.
- 2) **Paternity establishment:** Establish a legal link between mother, father, and child at the time that paternity is established. Forms used to establish paternity should also lay the groundwork for a custody / visitation arrangement.
- 3) **Financial Child Support:** Both parties should be held responsible for supporting the child according to their ability to earn. Financial child support obligations should be assigned to both parties based on their ability to earn. This means that mothers who now receive AFDC-related benefits will bear some of the responsibility of repaying government for those benefits, making the AFDC / welfare lifestyle less desirable.
- 4) **Accountability:** Recipients of AFDC benefits should face some form of accountability for how those benefits are spent. AFDC benefits should accrue to the benefit of the children, as should financial child support payments. Some form of accountability is required for all other government third-party payments.
- 5) **Incentives for payment of financial child support:** States should be required to implement custody and visitation presumptions that are proven methods of encouraging voluntary compliance with financial child support laws. Mothers report in census data that fathers who have joint custody pay child support at rates exceeding 90%. Fathers who have "visitation" pay at rates approaching 80%.
- 6) **Inability to pay financial child support:** Due to unemployment or underemployment, many obligors fall behind in financial child support payments. Giving those obligors preference at employment agencies enhances the possibility that they will resume support payments. A system of prioritizing should also include any person who is the sole support of a family.
- 7) **Financial child support — poorly trained and uneducated parents:** Job training and skills enhancement programs should be provided to parents who are unable to meet their financial child support obligations. These parents should be required to reimburse government for the cost of their training. The federally funded Parents Fair Share program has been very successful — 90% compliance in AFDC cases.



Welfare Reform — No Room for Daddy?

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Welfare reform proposals being offered by Congress and the White House contain an unfortunate omission -- they fail to give children a father. Welfare reform cannot be accomplished unless reformers are willing to put fathers back in the home.

Children growing up in a welfare system predicated on absent or driven-away fathers are doomed not just to a life of poverty but to a life filled with early pregnancy, school dropout, and delinquent behavior. Children who grow up without a father present, even when adjustments are made for income, are 375% more likely to need professional assistance for emotional problems, twice as likely to repeat a grade of school, and more likely to suffer a wide variety of other disorders including anxiety, peer conflict, and hyperactivity.¹ While television and the movies gather headlines as the motivation behind teen violence, school administrators blame "family breakup" for violence in the schools.²

The presence of fathers is necessary for children to develop the cognitive, moral, and disciplinary skills needed to succeed in life. Psychologists have determined that children benefit from what Henry Biller, Ph.D. describes as the "Two Parent Advantage." Dr. Biller explains the need for father presence:

Much more attention must be directed at positive paternal involvement in order to provide the best family involvement for the physical, cognitive, emotional, social and moral development of children. Important findings have underscored the significance of 'The Father Factor' through pregnancy, infancy, childhood, adolescence, and adulthood. The father's active involvement helps his son and daughter develop a secure body image, self-esteem, moral standards and intellectual and social competence. The quality of the early father-child relationship is linked to the son's and daughter's later adjustment in adolescence and adulthood.³

As fathers have been excluded from their children's lives, with the marriage rate falling and the divorce rate rising, SAT scores have fallen to all-time lows while teen births and the crime rate have exploded. The divorce rate, teen birth rate, and the crime rate each doubled between 1975 and 1990. SAT scores fell in 1975 and then dipped below 900 for the first time in 1980. They have remained at that low level.⁴ Children whose parents divorce or have never married are at high risk. Children who have significant contact with both parents, regardless of marital status, appear to be at much lower risk.

¹ National Center for Health Statistics, June 1991. Study of 17,100 children in various family structures. Children living with a mother and step-father fared worse on most indicators.

² Survey by the National School Boards Association as reported in the *Washington Times*, January 1994. 77% of school administrators blame "family breakup" for violence in the schools.

³ *The Father Factor and the Two Parent Advantage: Reducing the Paternal Deficit*, pg. 1. Henry Biller, Ph.D., Psychology Department, University of Rhode Island, April 15, 1994.

⁴ "Index of Leading Indicators," *Washington Times*, March 16, 1994.

We have come to know two very important things about family / welfare policy:

- a) Until the person who receives the benefits bears some responsibility for reimbursing the government for those benefits, the incentive for unwed pregnancy will continue, and
- b) Until government policy allows fathers to become involved with their children, those children will continue to be at high risk for criminal behavior, teen pregnancy, and numerous other social abnormalities.⁵

The American Fathers Coalition (AFC) has a bold new plan for welfare reform, a plan rooted in solid family research and responsive to the needs of the children born to a fatherless welfare system, a plan that will begin by cutting the welfare rolls in half. The AFC plan promises to break the cycle of poverty while filling the missing link between a normal childhood with a promising future and a dead-end childhood that promises only poverty and prison. The AFC plan gives children a father!

7 Steps to Welfare Reform and Healthy Children

The AFC plan gives children a father, and makes mothers and fathers both financially responsible for the children they bear. Under the present system and under all "reform" proposals, mothers collect benefits for having children out of wedlock and bear no responsibility for repaying those benefits. Put simply, mommy receives the money (and benefits), daddy is required to pay it back. Until the person who actually receives the benefits is held responsible for repaying the cost of those benefits, welfare will continue to be an incentive for having children out of wedlock. And, until children are allowed to have fathers, they will continue to be at high risk for school drop-out, delinquent behavior, and unwed, teenage parenthood.

Those points are important enough to repeat:

Until the person who actually receives the benefits is held responsible for repaying those benefits, welfare will continue to be an incentive for having children out of wedlock. And, until children are allowed to have fathers, they will continue to be at high risk for school drop-out, delinquent behavior, and unwed, teenage parenthood.

The AFC makes the following proposals:

⁵ *Facts at a Glance*, pg. 1. Child Trends, Inc., January 1994. "Teenage mothers are more likely to have daughters who have babies as teens themselves." Analysis of the data indicates that the rate is twice that of non-teen mothers.

1) Custody: The father should be the placement of first choice if the mother applies for AFDC. This simple change in procedure will immediately cut the AFDC rolls in half, save government 100s of millions of dollars, and provide children with solid, loving homes.⁶

Placement with the father allows the mother to finish school or to be placed in a job training program until such time as she can adequately support herself. The child should be placed in a welfare situation with the mother only if the father declines custody or proves unfit. Fathers make unusually good parents and most will gladly accept the responsibility of parenthood.⁷

2) Paternity establishment: Establish a legal link between mother, father, and child at the time that paternity is established.

80% of unwed fathers visit their newborn children at the hospital.⁸ Within a few short months, these fathers will have been driven away from their children, uninvited by the child's mother or threatened by her family or new boy friend. This first precious link between father and child must be encouraged and allowed to bloom. Forms used to establish paternity should also lay the groundwork for a custody / visitation arrangement.

The White House and the Office of Child Support Enforcement (OCSE) have received samples of a revised form that would establish a clear custody / visitation intent, thereby giving father and child a solid link. This form should be incorporated into the paternity establishment procedure.

3) Financial Child Support: Both parties should be held responsible for supporting the child according to their ability to earn.

Financial child support obligations should be assigned to both parties based on their ability to earn. This means that mothers who now receive AFDC-related benefits will bear some of the responsibility of repaying government for those benefits, making the AFDC / welfare lifestyle less desirable. Simply threatening to sever payments after a predetermined period of time will have little or no effect on the rate of unwed pregnancies. Such plans provide for job training or educational benefits, sending the message "have a child and gain a job."

Under the present system, the mother who fails to establish a live-in relationship with the child's father receives food stamps, subsidized housing, medical care, and cash — and she has no

⁶ Estimate based on one-half of fathers obtaining custody.

⁷ Interviews with family counselors specializing in divorce issues indicate that unwed fathers consider maintaining contact with their children as their first concern and most would chose to have custody of their children.

⁸ David Ross, Director, Office of Child Support Enforcement. Comments at the 1994 Children's Rights Council Conference. April 15, 1994.

responsibility to repay the money, the government looks solely to the father for repayment. Subsequently, unwed pregnancy and childbirth have become a "job" for too many women.⁹ In 1960, only 15% of teen births occurred outside of marriage, in 1991, 69% occurred outside of marriage.¹⁰ More than 25% of all births are to unwed mothers.¹¹ The failure rate among users of contraception is approximately twice as high among "poor" women as among "non-poor" women.¹²

Teenage pregnancy rates reflect this trend. Data compiled by Child Trends, Inc. indicate that 18% of teen pregnancies resulted from a decision by the mother to become pregnant, 40% resulted from the mothers' ambivalence toward pregnancy, and 42% of teen pregnancies were terminated (abortion).^{13 14}

Requiring that the mother accept responsibility for repayment of government benefits will discourage out-of-wedlock births and welfare dependency.

4) Accountability: Recipients of AFDC benefits should face some form of accountability for how those benefits are spent.

AFDC benefits should accrue to the benefit of the children, as should financial child support payments. Some form of accountability is required for all other government third-party payments (social security payments for third parties, foster care payments, etc.). Complaints are often heard of mothers using AFDC payments to purchase crack or alcohol while her relatives care for the children.

Accountability might be accomplished by filing a simple form at year-end outlining how the monies were spent, or receipts might be retained for a specified period as is required of business expenses by the IRS.

5) Incentives for payment of financial child support: States should be required to implement custody and visitation presumptions that are proven methods of encouraging voluntary compliance with financial child support laws.

⁹ *Facts at a Glance*, pg. 2. Child Trends, Inc., January 1994. "Among never-married mothers aged 18-44 in 1992 ... 43% were neither working nor looking for work."

¹⁰ "Trends in Teenage Fertility", pg. 13. Child Trends, Inc., May 4, 1994.

¹¹ "Quiet Crisis Affects Millions of Our Youngest Children." Carnegie Corporation. April 12, 1994.

¹² "Trends in Teenage Fertility", pg. 26. Child Trends, Inc., May 4, 1994.

¹³ *Facts at a Glance*, pg. 2. Child Trends, Inc., January 1994. "Ambivalent teens were just as likely to have a baby during the next two years as teens who unequivocally wanted a child."

¹⁴ "Trends in Childrearing and Implications for Reform". State-Federal Assembly, National Conference on State Legislatures. Presentation by Child Trends, Inc., May 4, 1994.

Mothers report in census data that fathers who have joint custody pay child support at rates exceeding 90%. Fathers who have "visitation" orders pay at rates approaching 80%.¹⁵ States operating Federal Access Grants have found a significant increase in voluntary compliance with financial child support orders when "visitation" is awarded and enforced.¹⁶

States should be encouraged to award joint custody and provide strong enforcement of visitation in AFDC cases.

6) Inability to pay financial child support: Due to unemployment or underemployment, many obligors fall behind in financial child support payments.

Census data, based on mother self-reporting, indicates that 66% of obligors who have been ordered to pay support and who fail to do so simply cannot pay.¹⁷ Giving those obligors preference at employment agencies enhances the possibility that they will resume support payments. A system or prioritizing should also include any person who is the sole support of a family. Language might read as follows:

The (state employment) Commission shall assign priorities based on the needs of the family of the individual seeking employment. Individuals with children to support in families where no one else is employed full time and individuals who have a child support obligation shall be of first priority. The purpose of the priority system is to provide jobs for families with children.

7) Financial child support -- poorly trained and uneducated parents: Job training and skills enhancement programs should be provided to parents who are unable to meet their financial child support obligations. These parents should be required to reimburse government for the cost of their training.

A study by the Institute for Research on Poverty at the University of Wisconsin-Madison found that "dead-beat dads" were really impoverished dads. In their comprehensive study, they found that "... 52% of the nonpaying fathers had incomes of less than \$6,155 per year ...".¹⁸

The Parents Fair Share Program, a federally funded pilot program operated in 9 states, has achieved 90% compliance with financial child support orders by providing education and retraining for unemployed and underemployed obligors whose children are receiving AFDC benefits. Participants are also enrolled in peer support groups to assist them with the

¹⁵ *Child Support and Alimony*, pg. 7. Bureau of the Census, Series P-60, No. 173. September, 1991. "A higher percentage of fathers with joint custody pay the [financial] child support due (90.2 percent) than fathers who have visitation privileges (79.1 percent) and those without visitation or joint custody provisions (44.5 percent)."

¹⁶ See February 4, 1994 letter: Dick Woods (Director of the Iowa Access Grant) to Congressman William D. Ford.

¹⁷ GAO/HRD-92-39FS. *Mothers Report Receiving ...*, pp 19-20. January, 1992.

¹⁸ *Dallas Morning News*, pg. 5. April 26, 1993.

development of parenting skills while assuring that they remain involved with their children. The cost is \$1,400 per participant.

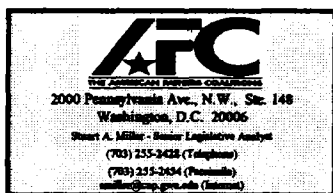
The *Washington Post* reported, "The two-year project demolished some stereotypes attached to parents who are delinquent in child support."¹⁹ Testimony before the House Ways and Means Committee further illustrates the desire for fathers to be involved with and to help support their children:

... The PFS pilot experience ... lays bare several sobering realities about the potential of 'enforcement only' strategies for increasing (financial) child support collections from the parents of AFDC children. ... The hard truth is that many noncustodial parents do not pay because they have no income. Before they can pay, they need jobs.²⁰

This American Fathers Coalition Welfare Reform Program gives the child a father while discouraging unwed pregnancy and encouraging family formation. The American Fathers Coalition plan takes a giant step toward breaking the cycle of poverty and providing children a stable environment that discourages delinquent behavior and encourages personal responsibility, academic achievement, and social competence.

The AFC Welfare Reform Program gives the child a father, a family, and a future!

CONTACT:



¹⁹ *Washington Post*, February 11, 1994.

²⁰ Gordon Berlin, Senior VP, Manpower Demonstration Research Corporation. Subcommittee on Human Resources, House Ways and Means Committee. March 15, 1994.

TESTIMONY OF AMERICAN PSYCHOLOGICAL ASSOCIATION

The American Psychological Association (APA) is the largest scientific and professional organization representing psychology in the United States. APA's membership includes more than 124,000 researchers, educators, clinicians, consultants and students. APA's mission is to advance psychology as a science, as a profession, and as a means of promoting human welfare.

APA has a long history of involvement in social policy that affects children, youth, and families. Many of our members conduct research on topics of concern to this demographic group including child development, child care, child neglect and abuse, foster care, and adolescent pregnancy.

APA believes that public policy should be based on sound research. This is particularly important when the welfare of millions of families with young children is at stake. If policy fails to incorporate current research knowledge in its design, it may not only fail to achieve its objectives, but have unintended negative consequences. It is particularly important in this time of fiscal constraint to ensure that limited dollars be spent wisely.

In the current welfare reform debate, we are concerned that policies aimed at reducing the extent of nonmarital childbearing and welfare dependency not have a negative impact on the physical and mental health and wellbeing of mothers and children, particularly adolescent mothers and very young children. It is important to remember that the major goal of welfare reform should be to reduce the number of children in America who are growing up in poverty. **Efforts to reduce nonmarital childbearing by women who cannot afford to support their children is just one component of reform and should not be pursued without reforming the many other aspects of the system that fail to address the needs of families with children.**

Policies Aimed at Influencing Childbearing

Before formulating policies aimed at influencing reproductive behavior, it is necessary to have a clear understanding of the many factors that influence this behavior. There is an extensive theoretical and research literature on the determinants of fertility in several major fields: psychology, social demography, sociology, anthropology and economics. In addition, government and international organizations collect and analyze data on fertility and related variables, for example, the U.S. National Survey of Family Growth and the World Fertility Survey. General socioeconomic studies, studies on the microeconomics of fertility, and psychosocial studies comprise the largest bodies of research.

Much of this research seeks to explain differences in population growth rates and in the Total Fertility Rate (TFR) (the average lifetime number of children born per woman), which can range from a high of seven children in some African countries to less than two in some European countries. Governmental concern about reproductive behavior is generally focused on these aggregate fertility trends and policy responses are of two types: pronatalist – based on concern about too low fertility rates (Eastern and Western Europe) and antinatalist – concerns about too high fertility rates (most less developed countries, India and China being the most generally known examples).

However, governmental concern is also focused on the fertility of particular groups. In the U.S. in the 1960's and 1970's, concerns about population growth generally, and the higher fertility of women of lower socioeconomic status (SES) relative to that of women in higher SES groups, led to the federal funding of family planning services for poor women through Title X of the Public Health Service Act. Currently, there are concerns in both the U.S. and some European countries about nonmarital fertility rates, particularly among adolescents. It is unlikely that this would be a major governmental concern if the women having children out-of-wedlock did not require taxpayer supported financial assistance. Clearly, it is the nonmarital fertility of poor women, and adolescents in particular, that is the primary focus of the current welfare

debate. However, while much of the debate is focused on how to influence the behavior of single females, it is important to remember that historically, the welfare of children has been the central concern underlying the provision of welfare benefits, and children's welfare should be the focus of the current debate as well.

When seeking to explain large differences in total fertility rates such as those between the industrialized countries and the developing countries, demographic, cultural and general socioeconomic variables can explain much of the variance. When the total fertility rate is low, as it is in the U.S., explaining variations in fertility related to age at first birth, the timing of births, and marital status, requires an approach that looks more closely at psychosocial and microeconomic variables to explain reproductive behavior. Accordingly, our testimony today will focus primarily on research in these areas.

The Need to Target Reforms to Reduce Welfare Dependency

There are several categories of women who receive AFDC benefits, and policies directed at one category may not be appropriate for another. Women receiving welfare are not a homogenous group. They may be separated, divorced, widowed, or never-married; they may have had children as teenagers or in their twenties or thirties; they may never have completed high school or they may be college graduates; they may have extensive employment experience or none; they or their children may have physical or mental health problems or disabilities; and they may be short or long-term recipients of benefits.

The category of women causing the most concern among policymakers and the public is the group of never-married, long-term recipients of AFDC, particularly those who first received benefits as teenage mothers. A recent GAO Report found that the proportion of single mothers in the general population who have never-married was 36 percent in 1992, while the proportion of never-married single mothers receiving AFDC was 52% (GAO, May 1994). From 1976 to 1992, about 42 percent of all single women receiving AFDC were, or had been, teenage mothers (GAO Report 94-112, 8). Given that current and former teenage mothers comprise a large and costly proportion of all female-headed families receiving AFDC, the GAO report concluded that assistance to gain and retain employment should be aimed at teenage mothers.

Similarly, other analysts have concluded that reducing welfare dependency will require a reduction in the level of nonmarital childbearing by adolescents. It is often stated that the current policy of paying cash benefits through the AFDC program is an incentive for adolescents to have children so they can set up independent households. On a conceptual level, it is difficult to argue against the notion that an incentive for teen parenting exists within AFDC. The question is whether the incentive – or the lack of an economic disincentive – is strong enough to shift the behavior of adolescents. Do adolescents actually become pregnant in order to receive welfare benefits? Or are adolescents – once pregnant – more likely to bear and keep their children because welfare benefits enable them to do so? Do adolescent mothers bear additional children in order to increase the size of their benefit? And if so, how can we change this behavior without harming children?

Psychologists and other social scientists have conducted a great deal of research to attempt to answer these and other questions related to motivations for childbearing. A brief review of this research follows, with an analysis of its findings as they bear on important welfare policy questions.

Reducing Adolescent Childbearing

A major goal of the Personal Responsibility Act (H.R. 4) is to reduce nonmarital childbearing. Provisions in H.R. 4 aim to do so by denying benefits to unmarried women under 18 who have children and by capping benefits so that no payments

will be made for additional children born while the mother is on welfare. While intuitively this may seem a logical approach, when the reasons for adolescent childbearing are considered in their entirety, it is unlikely that such policies would have the intended effect for the majority of adolescents. Adolescent childbearing is a complex behavior that involves several behavioral decisions (Hayes, 1987). Each of these decisions is influenced by a number of inter-related demographic, economic, social, and psychological factors (Adler, 1994; Hayes, 1987). Before examining the factors that affect this decision-making process, we will first examine whether there is support for the hypothesis that welfare benefits provide economic incentives for adolescents to give birth out-of-wedlock.

Welfare Benefits and Nonmarital Childbearing

The availability of welfare benefits appears to be a popular explanation for the rise in the number of households headed by unwed adolescent mothers. The assumption underlying this view is that AFDC and other welfare benefits serve as an incentive -- or at a minimum decrease the disincentives -- to bear children out-of-wedlock and to remain unmarried.

The welfare incentive explanation for rising teen pregnancy rates dates back to the early 1960's, but received greatest attention following the publication of Charles Murray's analysis of federal welfare policy in 1984 (Murray, 1984). Over the past decade a number of scholars have attempted to evaluate the effect of welfare benefits on adolescent pregnancy rates. The question of concern to researchers, and certainly of interest to policymakers, is whether the incentive is strong enough to affect the behavior of adolescents. Does the presence of welfare benefits play a significant role in adolescents' fertility-related behavior?

While there is not complete unanimity of opinion among researchers on this question, two relatively recent reviews of the welfare incentive literature conclude that welfare benefits do not serve as a reasonable explanation for variations in pregnancy and childbearing rates among unmarried adolescents (Duncan, Hill, & Hoffman, 1988; Moffitt, 1992).

Several recent studies also failed to find evidence supporting the welfare incentive hypothesis. A study by Moore, Morrison, and Gleib (1994) did not find AFDC benefit levels or a host of other welfare-related variables to predict either age at first sexual intercourse or contraceptive use. For females, only welfare receipt by both their mothers and grandmothers predicted intercourse at younger ages, and only maternal welfare receipt predicted non-use of contraception. The authors conclude that lowering AFDC benefits will not affect the sexual or contraceptive behavior of adolescents.

In another study using data from the nationally-representative Panel Study of Income Dynamics (Duncan and Hoffman, 1990) the authors found that AFDC benefit levels had only weak, non-statistically significant effects on out-of-wedlock childbearing for Black adolescents. In contrast, there was a strong and statistically significant relationship between measures of economic opportunity and the probability of AFDC-related births among unmarried adolescents.

Using the same data set but a different analytic procedure, other researchers (An, Haverman, and Wolfe 1993) concluded that the level of welfare benefits was not significantly related to out-of-wedlock adolescent childbearing. Consistent with other researchers (Moore, 1994) these researchers found that the most important predictors of adolescent girls' fertility behavior were their mothers' characteristics: years of school completed, receipt of welfare, and age at birth of first child.

Another recent study (1994) also failed to confirm the welfare incentive hypothesis. In this study, AFDC benefit levels did not significantly affect the incidence of out-of-

wedlock first births, or subsequent births for AFDC recipients. Factors that were found to have a greater effect on fertility behavior include a woman's educational attainment and upbringing in a two-parent family.

There are a few studies that have found a positive association between AFDC benefit levels and adolescent pregnancy or out-of-wedlock birth rates. However, most of these have methodological problems, and in each study, the relationship held only for White adolescents. In one study, although the author found that AFDC benefits were related to out-of-wedlock births for White adolescents, she concluded that AFDC does not affect the overall birth rate for teens (Ozawa, 1989). Rather, once an adolescent is pregnant, it seems to influence the decision whether to marry the father. However, this effect was only present for White adolescents.

In another series of studies, the authors found a relationship between AFDC benefit levels and adolescent childbearing for White but not Black adolescents (Plotnick, 1990; Lundberg & Plotnick, 1990; Lundberg & Plotnick, in press). However, the authors caution that some of the findings are statistically unstable, making their conclusions less than definitive. A final study by Murray (1993) also found a significant relationship between welfare benefits (in this study, a combination of AFDC cash benefits and food stamps) and nonmarital childbearing rates, but also, only for White adolescents. As was the case with the other studies just cited (Ozawa, 1989; Plotnick (1990), only aggregate state-level data were used rather than individual level data. As a consequence, the small sample size ($n=50$) renders the statistical results very unstable, leading all of the researchers to offer caveats with respect to the conclusions.

In response to the public debate over the policy implications of the presumed "incentive effect" for teen pregnancy, a group of 77 poverty researchers signed a statement ("Welfare and Out-of-Wedlock Births: A Research Summary," 1994) asserting that the accumulated research indicates that "welfare has not played a major role in the rise of out-of-wedlock childbearing (p.1)." The group includes several researchers whose work is often cited in support of restrictive welfare proposals (Plotnick, Ozawa). APA agrees with these researchers that the "family cap" and similar proposals intended to reduce or eliminate welfare for children born out-of-wedlock will do little more than inflict additional harm and further compromise the development and life prospects of children who already face deprived circumstances.

Demographic, Social and Psychological Influences on Childbearing

As mentioned previously, adolescent childbearing is a complex behavior encompassing several discrete yet interrelated steps, each requiring a decision: whether to initiate sexual activity; whether to use contraception and, if so, what type; if pregnant, whether to terminate the pregnancy or give birth; and if choosing to give birth, whether to give the child up for adoption, marry before the birth of the child, or become a single parent (Hayes, 1987). To understand why unmarried adolescents have children it is necessary to examine each of these decisions and the many factors that influence each one.

1. Initiating Sexual Activity

The first decision is whether to initiate and engage in sexual activity before marriage. Research has shown that the majority of adolescents (70 - 80%) are sexually active (Alan Guttmacher Institute, 1981; 1994; Blau & Gullotta, 1993; Burt, 1986; Westoff, Calot, & Foster, 1983) and initiate this activity before marriage – on average eight years before marriage (Alan Guttmacher Institute, 1993b; 1994; Forrest, 1993). Factors that influence the decision to engage in sexual activity include personal and family characteristics and peer group influence. For many female adolescents, coercion is also a significant factor.

Personal characteristics include the following:

Age at Puberty. One hundred years ago, the average age at menarche for adolescent females was 14.8 years. In 1988, the average age was 12.5 years. Some adolescents begin to menstruate as early as 10 years of age (Alan Guttmacher Institute, 1994). The early onset of puberty is associated with early initiation of sexual activity, but this relationship is mediated by gender, race, and social factors. The onset of puberty is the strongest determinant of sexual initiation for males (Alan Guttmacher Institute, 1994). For Black females, puberty strongly influences whether they will initiate sexual activity at an early age; whereas, for White girls, other social factors, such as their family structure and the sexual activity of their friends, have more influence than the onset of puberty (Alan Guttmacher Institute, 1994; Udry & Billy, 1987).

Age of the Individual. The older the adolescent, the more likely it is that he or she will have had intercourse (Alan Guttmacher Institute, 1994; Hofferth & Hayes, 1987).

Race and Socioeconomic Status. Black adolescents of both sexes initiate sexual intercourse earlier than their white counterparts (on average about one to two years earlier) and at every age more Black adolescents than White Adolescents engage in sexual activity (Alan Guttmacher Institute, 1994; Zelnik, Kantner & Ford, 1981; Bauman and Udry, 1981; Forrest, 1993; Hofferth & Hayes, 1987; Newcomer and Udry, 1983). The differences are believed to be too large to be explained by differences in physical maturity (Hayes, 1987). There is disagreement over the source of these racial differences. Some researchers attribute it to differing socioeconomic status, others to differences in social and cultural mores related to the acceptability of early sexual behavior.

Religiosity. Religion does not appear to be an important factor influencing the initiation of sexual activity, but religiosity is (Inazu & Fox, 1980; Zelnik et al., 1981; Jessor & Jessor, 1975; Hayes, 1987). Thus, nominal affiliation, that is, being a Catholic, does not predict delayed intercourse, but devout observance of religious customs does.

Intelligence, Academic Aspirations, and Achievement. Several studies have shown a positive relationship between low intellectual ability, low educational goals, low academic achievement, and early initiation of sexual activity among both Black and White adolescents (Furstenberg, 1976; Udry, Bauman, & Morris, 1975; Jessor & Jessor, 1975; Jessor, Costa, Jessor, & Donovan, 1983). This relationship, however may be mediated by numerous other social, economic, psychological and situational factors such as parents' level of education, and parents' expectations for their daughters, which may influence their daughters' own expectations (Hayes, 1987). Children with more educated parents tend to be more goal-oriented and place more value on achieving (Hayes, 1987).

Family Characteristics include the following:

Parent-Child Communication. There has been less research on the affect of family characteristics on early initiation of sexual activity and the evidence has been conflicting (Miller, Christopherson, & King, 1993). For example, one study found no relationship between parent-child communication and the initiation of sexual intercourse (Moore, Peterson, & Furstenberg, 1986); another questioned the causal direction of the relationship (Hofferth, 1987); and others argue that good parent-teen communication among specific subsets of adolescents can help to postpone sexual activity (Inazu & Fox, 1980). Similarly conflicting results have been found when studying the relationship between parental supervision and early sexual activity.

Mother's Age at Initiation of Sexual Activity. There is a strong relationship between mother's early sexual activity and the activity of her daughter (Newcomer & Udry, 1983).

Family Structure. Girls who live with both parents are less likely to initiate sexual activity at an early age (Alan Guttmacher Institute, 1994; Newcomer & Udry, 1983). It is possible that single parents are less available to communicate values and to supervise children, and that lack of parental (especially maternal) attention and affection may lead adolescent girls to seek attention and affection in sexual relationships (Hayes, 1987).

Peer Group Influence. A final major factor in determining an adolescent's decision to engage in sexual activity is peer group influence. Adolescents frequently cite peer attitudes and behavior as the single most important factor affecting their own behavior (Miller et al., 1993). Many adolescents act on their perceptions of their peers' attitudes and behavior, whether or not their perceptions are correct (Adler, 1994; Hayes, 1987). Some research has found that peer influence is a less important factor for Black adolescents and that White adolescent girls appear to be the most susceptible to peer influence (Crockett & Chopak, 1993; Hayes, 1987; Miller et al., 1993). In some instances, extreme forms of peer pressure can be viewed as a form of mild coercion.

Coercion. Finally, many adolescents are coerced into early sexual activity. Coercion may range from verbal intimidation and threats to sexual assault. Adolescent girls are subjected to all types of coercion. Studies indicate that among adolescent females who have their first sexual experience at the age of 15 or younger, over half report that the sexual experience was *not* voluntary (Alan Guttmacher Institute, 1994; Laumann et al., 1994; Moore, Nord, & Peterson, 1989). This percentage increases to almost three-quarters of females whose first sexual intercourse occurred before the age of 14 (Alan Guttmacher Institute, 1994; Moore et al., 1989). Girls may be pressured by boys in part because some boys are subjected to ridicule by their peers if they don't engage in sex. Such ridicule could be considered a particularly strong and negative type of peer influence, but also has an element of coercion. Descriptive research about sexual activity among poor Black inner city youth portrays sexual activity as a game, with adolescent boys continually trying to have sex with as many girls as possible, and coming up with elaborate scheme to do so. The girls are described as often aware of what the boys are trying to do, but that the boy is often several years older than the girl and uses his older age authoritatively to convince or pressure her to have sex (Anderson, 1994). Adolescent males may be pressured by their peers to engage in sex with multiple partners, because peers indicate that there's something wrong with them if they don't.

2. Contraceptive Use

The next decision in the process that can lead to adolescent pregnancy is whether or not to use contraception to prevent pregnancy. Variations in contraceptive use include those who always use it, those who never use it and those who use it sporadically. Among those who use contraceptives, other important factors are the effectiveness of the particular method chosen, and the effectiveness of use, e.g. the proper use of barrier methods such as diaphragms.

About two-thirds of adolescents use some form of contraception the first time they have intercourse (Alan Guttmacher Institute, 1994); however, many do not use contraception properly or effectively, although this problem is not unique to adolescent females (Alan Guttmacher Institute, 1994). Only 40% of sexually experienced adolescent females visit a family planning clinic or doctor to obtain medically prescribed contraceptives within a year after their first sexual intercourse (Alan Guttmacher Institute, 1993b; 1994). Most sexually-active adolescent females rely on over-the-counter methods of contraception before consulting a medical professional, and may not know how to effectively use the various forms of contraception (Alan Guttmacher Institute, 1994).

There are several factors affecting contraceptive use. The most important are:

Age. The older an adolescent female, the more likely she is to use contraception, to use it regularly and effectively (Alan Guttmacher Institute, 1994; Hayes, 1987; Zabin & Clark, 1981) and to use a medical method of contraception, most likely oral contraceptives (Alan Guttmacher Institute, 1994; Zelnik et al., 1981). Younger adolescents females are more likely to rely on male methods of contraception (e.g. condoms, withdrawal; Alan Guttmacher Institute, 1994) and are more likely to use contraception sporadically. When differences in age at first sexual intercourse are controlled, contraceptive use by Black adolescent females is similar to that of White adolescent females. However, age has little effect on contraceptive use at first intercourse for adolescent males (Hayes, 1987).

Knowledge of Reproduction and Contraception. Accurate knowledge about the physiology of reproduction and methods of contraception are associated with contraceptive use (Blau & Gullotta, 1993; Hayes, 1987). Many studies have found knowledge of basic conception and contraception among male and female adolescents to be deficient enough to prevent regular effective use of contraception (Blau & Gullotta, 1993; Zelnik & Shah, 1983). Many adolescent females have misconceptions about their risk of pregnancy, particularly if they've already had intercourse without contraception and did not get pregnant (Moore et al., 1986; Adler, 1994). Some very young adolescents may not have acquired the cognitive skills necessary to make an accurate assessment of the risk of pregnancy (Coblner, 1981; McAnarney & Schreider, 1984). Fear that some forms of contraception (e.g. oral contraceptives) will have negative health consequences, and discomfort with particular methods also inhibit contraceptive usage (Adler, 1994; Forrest & Henshaw, 1983).

Acceptance of One's Sexuality. Adolescent females who are psychologically comfortable with being sexually active are much more likely to seek and use contraception. Conversely, adolescents who are uncomfortable, ambivalent or guilty about their sexual behavior may be inhibited from seeking out and using contraceptives (Adler, 1994; Blau & Gullotta, 1993).

Stability in Sexual Relationship. Several studies show an association between the stability and level of commitment in a relationship and the use of contraception (Herold, 1980). Certain contraceptive methods require planning and an adolescent who is in a long-term relationship is more likely to be having sex on a regular basis and therefore able to anticipate and plan for contraceptive use (Alan Guttmacher Institute, 1994). Research has shown that many adolescents who engage in sexual activity do so sporadically and with little forethought and so are not prepared to use contraception (Crockett & Chopak, 1993).

Academic Aspirations. For both Blacks and White adolescents, those who have strong achievement orientations and clear goals are more likely to use contraception (Adler, 1994; Alan Guttmacher Institute, 1994). Also, the better educated an adolescent female's parents are, the more likely she is to use contraception (Alan Guttmacher Institute, 1994; Zelnik et al., 1981).

Self-Esteem and Internal Locus of Control. Adolescent females who have high self-esteem and believe they have control over most things in their lives are more likely to use contraceptives effectively than are those girls who have a low sense of competence and control over shaping their own lives (Adler, 1994).

Parental Support and Control. Several studies show that when the mothers of adolescent females have greater knowledge about contraception, convey positive attitudes about contraception, and are more likely to discuss contraception with their daughters, they are more likely to positively influence their daughters' use of contraceptives, even if communication is infrequent (Furstenberg, 1976; Fox, 1981; Hayes, 1987).

Access to Family Planning Services. Many adolescent females, particularly lower

income adolescent females, rely heavily on family planning clinics for their contraceptive needs (Donovan, 1995). For many lower income adolescent females who do not have access to such clinics, contraceptive supplies and services may be too costly. As a result, they may have to rely on less-costly methods that may be more difficult to use successfully (e.g. condoms) or that have a lower rate of effectiveness than do medical methods (e.g. oral contraceptives), which can only be obtained from a physician or a family planning clinic (Donovan, 1995). Alternatively, they may not use any form of contraception (Donovan, 1995). The only federal program designed solely to provide such services to lower-income women (Title X of the Public Health Service Act) has not been reauthorized since 1985 and funding for Title X declined 72% between 1980 and 1992 adjusting for inflation (Donovan, 1995). As a result, the clinics that provide contraceptive services to many lower-income adolescent females have had to reduce the hours when services are available, reduce the number of services provided, and charge higher fees for the remaining services (Alan Guttmacher Institute, 1994; Donovan, 1995).

There are numerous other interrelated factors that affect adolescents' use of contraceptives: situational factors, such as the foreseeability of sexual encounters (Adler, 1994); sexual partner factors, such as a male's willingness to wear a condom (Adler, 1994); and the subjective "costs" associated with different types of contraceptives, for example, financial costs and ease of use (Adler, 1994; Loewenstein & Furstenberg, 1991). These factors may also be influenced by other variables, such as an adolescent's assessment of the risk of becoming pregnant, which may or may not be accurate. In sum, the reasons underlying contraceptive use are numerous, complex, varied, and interrelated. Efforts to reduce adolescent pregnancy must take account of all these factors.

3. Decisions at the Time of Pregnancy

When an adolescent girl discovers she is pregnant, she is faced with two major options: abortion or continuing the pregnancy to term. If the decision is to continue to term, her options include: adoption or keeping the child. If she does not want to give her child up for adoption, she also must decide to either continue living in her parental home or to establish her own household with or without being married. While marriage is theoretically an option, its occurrence is dependent on the decision of two persons, and so is not so clearly a "choice" for the pregnant adolescent.

It is during early pregnancy that decisions about childbearing come into sharp relief. For some adolescents, abortion and adoption are not options they would choose, whatever their personal circumstances. In this instance the only choice they see as viable is childbirth, and so the availability of economic support serves as neither an incentive or a disincentive. For adolescents who feel they could never give a child up for adoption, the choice is between having an abortion or carrying a pregnancy to term and bearing a child. Fewer than 5% of pregnant adolescents choose adoption to resolve an unintended and unwanted pregnancy (Alan Guttmacher Institute, 1994; Bachrach, Stolley, & London, 1992).

The decision to bear a child out-of-wedlock, is influenced by many factors: *Was the Pregnancy Intended and/or Wanted?* One of the most important factors affecting a pregnancy outcome is whether it was intended and wanted. Overall, 85% of adolescent females who have experienced a pregnancy report that their pregnancy was unintended (Alan Guttmacher Institute, 1994); those who report that their pregnancies were intended are more likely to give birth (Alan Guttmacher Institute, 1994; Zelnik et al., 1981).

Academic Aspirations. Both Black and White adolescents who are doing well in school when they become pregnant and who have a strong orientation toward the future are less likely to carry a pregnancy to term (Alan Guttmacher Institute, 1994; Eisen et al., 1983; Leibowitz et al., 1980). Adolescent who have completed more years

of high school are less likely to carry a pregnancy to term (Alan Guttmacher Institute, 1994; Zelnik et al., 1981).

Demographic and Family Characteristics. Black and Hispanic adolescents are more likely than White adolescents to give birth outside of marriage (Alan Guttmacher Institute, 1994; Hayes, 1987; NCHS, 1993a; 1994). This difference is attributed both to the lower marital rates among the Black population, as well as to the overrepresentation of Black adolescents in the low income population, since adolescents from families of lower socio-economic status are also more likely to have a nonmarital birth (Alan Guttmacher Institute, 1994; Henshaw, 1992; Zelnik et al., 1981). Pregnant adolescents whose parents are less highly-educated are also more likely to carry the pregnancy to term (Alan Guttmacher Institute, 1994; Cooksey, 1990). This may be because adolescents whose parents are less highly-educated are less likely to be oriented toward the future than those more less highly-educated parents (e.g. Hayes, 1987).

As with the decision to become sexually active, religious affiliation does not appear to be an important influence on whether an adolescent female chooses to carry her birth to term. However, religiosity is a factor influencing the utilization of abortion: adolescents from more religious and devout families being more likely to carry a pregnancy to term (Eisen et al., 1983).

Peer Influence. Adolescent females who have friends or family members who are adolescent single parents are more likely to give birth. Adolescents whose peers and sexual partners view abortion as a valid option, and those whose partners are close to their own age, are less likely to give birth (Alan Guttmacher Institute, 1994; Hayes, 1987).

Attitudes Toward Nonmarital Childbearing. Black communities have a greater diversity of family composition (e.g., multigenerational and extended), making single parenthood less unusual and more socially acceptable than in White communities (Anderson, 1994; Hayes, 1987; Moore et al., 1986). Apparent racial differences in the acceptability of nonmarital childbearing could be due to differences in socioeconomic status (Hogan & Kitagawa, 1983 in Hayes, 1987). Other research (Abrahamse et al., 1985 in Hayes, 1987) indicates that attitudes toward nonmarital childbearing are directly related to perceptions of alternative options and opportunities and thus to both the direct and opportunity costs of having a child outside of marriage. Therefore, racial differences may be due in part to differences in perceived future economic, educational, and career opportunities. If adolescents from lower socioeconomic backgrounds, who are more likely to be Black, do not perceive many costs to early nonmarital childbearing they may be more likely to carry an unintended pregnancy to term (Abrahamse et al., 1985 in Hayes, 1987). Clearly, both the availability of marriage partners and the perceived utility of marriage in a given setting are important factors affecting attitudes to both marriage and nonmarital childbearing.

Access to Abortion Services. Adolescent females, particularly younger adolescents, are more likely than women in their twenties to delay having an abortion until after the earlier weeks of gestation (Alan Guttmacher Institute, 1981; Hayes, 1987). These delays may result from failing to recognize early signs of pregnancy (e.g., many younger adolescents have irregular periods and may not worry if their period is late); denial that they may be pregnant; legal barriers such as parental notification and consent laws and the need to obtain a judicial waiver (Alan Guttmacher Institute, 1994; Donovan, 1992); or geographic or financial barriers to abortion services, particularly important for younger adolescents and those from low income families (Alan Guttmacher Institute, 1981; Donovan, 1995). The longer an abortion is delayed, the more expensive the procedure costs, making it unlikely that an adolescent who wants to end a pregnancy will be able to afford the procedure, unless a parent or other adult relative is involved.

Factors Affecting the Decision to Marry Before Birth. Demographic data indicate that White female adolescents, those from higher socioeconomic backgrounds, and those who are older when they become pregnant are more likely to marry before they bear a child (Zelnik et al., 1981; O'Connell & Moore, 1980). Research also indicates that there are differing social structures governing marriage in the U.S. for Blacks and Whites (Rindfuss & Parnell, 1989). Reasons for the lower propensity of Blacks at all socioeconomic (SES) levels to marry are not clearly understood. Several factors that may be influential for lower SES Blacks include: high rates of school dropout, high rates of unemployment, and high rates of incarceration for Black males (Schoen & Kluegel, 1988).

Availability of Financial Assistance.

Critics of U.S. welfare policy have argued that it is pronatalist in effect if not in intent. However, as a review of the relevant research shows, the determinants of adolescent childbearing are numerous and varied and involve decisions related to intimate, interpersonal behavior. As discussed earlier, the availability of financial assistance is unlikely to have more than a small and indirect influence on childbearing. Therefore, current proposals to deny benefits to unwed mothers under 18 or to cap benefits for additional children are unlikely to have anything more than a minimal impact on rates of adolescent childbearing.

Policies to Reduce Nonmarital Childbearing

Policies to deny welfare benefits to the children of women under 18 and to cap welfare benefits for subsequent children, are inconsistent with what researchers know regarding the causes of adolescent sexual behavior, pregnancy, and childbearing. If the aim of policy is to reduce welfare dependency by reducing the rate of nonmarital adolescent childbearing, policies should be directed toward addressing the appropriate factors, that is, those that are strongly related to adolescent childbearing and those that are amenable to government policy solutions. At the same time, policy should also address the needs of mothers who want to support their children and the needs of these children.

There are a number of important policies that can reduce adolescent childbearing and subsequent welfare dependency.

Education and Employment

The research findings presented in this testimony highlight the importance of an adolescent's education, school achievement, and educational and career aspirations as factors for ensuring that unmarried adolescent females do not bear children and then become welfare dependent. Research clearly indicates that attitudes toward nonmarital childbearing are directly related to perceptions of alternative options and opportunities and thus to both the direct and opportunity costs of having a child outside of marriage. If adolescents from lower socioeconomic backgrounds, who are more likely to be Black, do not perceive many costs to early nonmarital childbearing they may be more likely to carry an unintended pregnancy to term (Abrahamse et al., 1985 in Hayes, 1987).

In the absence of alternative options, many adolescent females view motherhood as a means to adult status. Given that current and former teenage mothers comprise a large and costly proportion of all female-headed families receiving AFDC, we agree with the recommendations in the recent GAO report that assistance to gain and retain employment should be targeted at teenage mothers. However, since the educational achievement and welfare status of women are important influences on their daughters' childbearing behavior, it is crucial that welfare policies facilitate education, job training and employment among all current welfare dependent mothers. Thus, welfare reforms that reduce welfare dependence of current recipients may reduce the risk faced by the next generation of youth.

Social welfare and family policy in Sweden provide an interesting perspective on the importance of labor force participation for reducing early childbearing and dependence on welfare. Swedish policies stimulate women's employment by reducing the individual costs of having children while requiring parents to be employed to collect full benefits (Sundstrom & Stafford, 1992). As a result of these policies, in the '80s and '90s, Sweden had the highest female labor force participation rate among European countries, despite a high level of non-marital fertility (Sundstrom & Stafford, 1992). A key feature of Swedish policy that encourages labor force participation is that maternity benefits, which are available to *all* women, are based on work and income history: those in the labor market receive a payment equal to 90% of gross earnings, while those not in the labor market receive a minimal, taxable flat payment. Thus, there is a very strong financial incentive for women to delay childbearing until they have been in the workforce and even to postpone childbirth until they have maximized their earnings (Sundstrom & Stafford, 1992). This incentive is reflected in a relatively high average age at first birth for Swedish women (Sundstrom & Stafford, 1992).

However, there are other very important features of Swedish social policy that encourage female labor force participation, including generous sick pay for both the employee and for care of sick children, subsidized child care, and flexible working hours. Since 1979, all full-time employed parents have had the right to work for only 30 hours per week and retain full social benefits until their youngest child is 8 years old. And since 1971, separate taxation of spouses was introduced to create incentives for men and women to work more equal hours in the labor force (Sundstrom & Stafford, 1992). Paid parental leave, and leave to take care of children, are financed out of general taxes with no direct costs to the employer, and total government expenditures for parental benefits for working parents amount to only 1% of the Swedish Gross National Product. Unlike the U.S., where women in low paying jobs often do not have health insurance, in Sweden there is also universal health insurance coverage, so there is no incentive to stay out of the work force in order to get health insurance for oneself and one's children.

Clearly, if women on AFDC are to become economically independent, they need health insurance, child care, and flexible work hours as well as an income that can support a family.

Contraceptive Services

The most desirable method of reducing nonmarital childbearing, and adolescent childbearing in particular, is to prevent unintended and unwanted pregnancies. Given that the majority of adolescents engage in sexual activity before marriage, the availability of safe and effective contraception is an essential pre-requisite. Clearly, federal policymakers could contribute to this goal by reauthorizing Title X of the Public Health Service Act and increasing the funding available to family planning clinics. This would help to ensure that contraceptive services are available to adolescent females who want them.

Abortion Services

While pregnancy prevention is the most desirable approach to preventing unintended adolescent childbearing, given the large number of unintended and unwanted pregnancies that occur among U.S. adolescents every year, the availability and affordability of abortion services are important factors that have a direct affect on adolescent childbearing and welfare dependency. As a recent report has noted, many women of all ages believe they are not able emotionally or financially to bear a child (Donovan, 1995). Recognizing that the provision and funding of abortion services is a contentious political issue, nonetheless it is important to state that if adolescent childbearing and related welfare dependency are to be reduced, the availability and affordability of abortion services, particularly for poor women, must be increased, and government policies should be aimed at doing so.

Child Support Enforcement

Almost totally lacking from most discussions about the adolescent pregnancy problem is the importance of policies and programs targeted at adolescent males. Clearly, efforts to promote parental responsibility should not be aimed solely at young mothers. Child support laws should be vigorously and uniformly enforced. To do this effectively, the establishment of paternity is an essential prerequisite. Some analysts have suggested that since unemployed adolescent males are unlikely to be able to provide financial support for their children, paternity establishment is not cost-effective. However, adolescent males will one day be adult males, and many will be employed. Once employed, a portion of their wages should be used to support their children. If such enforcement proceedings become commonplace and widely known, they may promote more responsible behavior, particularly contraceptive use, among adolescent males.

Conclusion

For many women in the U.S., paid employment without benefits does not pay enough to support a family. If we are to take seriously the need to end child poverty, to raise the standard of living of all U.S. families, and to reduce adolescent childbearing, a much broader approach to welfare policy and employment and benefit policy is needed.

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TESTIMONY OF ASIAN & PACIFIC ISLANDER AMERICAN HEALTH FORUM, INC.

We, the Asian & Pacific Islander American Health Forum (APIAHF), would like to thank the Ways and Means Committee, Subcommittee on Human Resources and its Chairman Honorable Clay Shaw for providing us with the opportunity to participate in the discussion of the Personal Responsibility Act (PRA). At this time, we would like to focus our discussion of the Title IV Restricting Welfare for Aliens of the PRA. Specifically, section 401 of the Personal Responsibility Act deny sixty federally funded programs that are currently available to the residents of United States who are not yet citizens. The sixty federal programs that are proposed to be denied from non-citizens are broad range of programs that include health care, nutrition, assistance for children and their families, assistance for seniors and those with disabilities, housing and energy assistance programs, job training, educational assistance and other programs.

The Asian & Pacific Islander American Health Forum (APIAHF) is a national, non-profit organization located in San Francisco, California. Founded in 1986 to address the discrepancies in health status between the Asian and Pacific Islander population and that of the large population, the Health Forum has over three hundred individuals and organizational members consisting of health care providers and community-based organizations. Our mission is to improve the health of the U.S. Asian and Pacific Islander population through combination of applied research, programmatic activities and policy analysis.

Programs Affected by the Personal Responsibility Act

As a health care organization, the focus of this testimony is limited to the proposed cuts in health and health-related programs. The health and health-related programs that will not be available to non-citizens include:

- **Medicaid:** basic doctor and hospital services for very low income families with children, pregnant women, the elderly, blind and those with disabilities
- **Maternal & Child Health Services Block Grant Program:** access to maternal and child health services with access to maternal and child health services including prenatal care, well-child care, dental care, vision and hearing screening services, and counseling services for parents of sudden infant death syndrome victims
- **Family Planning Services:** family planning services including natural family planning methods and supplies, counseling, physical examinations, testing for cancer and sexually transmitted diseases, infertility services, pregnancy tests, follow-up examinations, and referral to other social and medical referrals.
- **Alcohol, Drug Abuse, and Mental Health Services Block Grant:** alcohol, drug abuse and mental health programs
- **Immunization Against Vaccine Preventable Diseases:** preventive health services.

- **Lead Poisoning Screening, Referrals and Education:** testing of infant and child blood lead levels, treatment of high blood lead levels, referral for environmental intervention, and education
- **Preventive Health and Health Services Act Block Grants:** preventive health services, comprehensive health services, and emergency medical services, including demonstration projects for emergency medical services for children.
- **Community Health Centers:** centers that serve medically underserved populations and areas suffering health professional shortages by providing primary care, preventive care and emergency health services.
- **Migrant Health Centers:** centers that service migratory and seasonal agricultural workers and their families for primary care, preventive care and emergency health services.
- **National Health Service Corps Scholarship Program and National Health Services Corps Loan Repayment Program:** loan forgiveness and scholarships to medical providers assigned to areas suffering health professional shortages.
- **School Lunches:** free and reduced price lunches to needy children in participating schools.
- **School Breakfast:** free and reduced price breakfasts to needy children in participating schools.
- **Special Milk Program:** free milk to poor children in schools and residential child care centers that do not participate in other federally subsidized meal programs.
- **Summer Food Service Program for Children:** meals for children in public or private non profit summer school and summer camps in areas where the majority of children are from low income families.
- **Nutrition Programs for the Elderly:** group and home-delivered meals to people who are homebound due to illness or disability or who are otherwise isolated.
- **Child and Adult Food Program:** meal subsidies for children in nonresidential child care centers, and for a small number of elderly in nonresidential adult care centers.
- **Women, Infants and Children Program:** coupons for food staples such as milk and eggs to very poor pregnant women and mothers with very young children to meet basic nutritional needs.
- **Commodity Supplemental Food Program:** food packages and nutrition education to poor and nutritionally at risk pregnant women, breastfeeding women, postpartum women, infants, and children up to age 6, and the elderly.
- **The Emergency Food Assistance Program:** acquisition and distribution of surplus food to food banks, food pantries, soup kitchens, hunger centers, temporary homeless shelters, community agencies, churches, and other offering food assistance to the needy.

Population Characteristics

Asian & Pacific Islander American population is the fastest growing population group that realized an over 100% increase in population in the 1980's. The PRA would have a disproportionate impact on the A/PI population since about 40% of the Asian and Pacific Islander American population are not citizens according to the 1990 Census. Moreover, census data

indicate that the non-citizen A/PI populations are poorer than the A/PI citizen population. For example, at different age groups, the non-citizen A/PI population had a higher portion of the population who were living under poverty.

- about 34% of the A/PI children aged under 13 years who are non-citizens were living under poverty compared to 15% of the A/PI citizen children.
- about 31% of the A/PI non-citizen adolescents aged 13 to 18 were living under poverty compared to 13% of the citizen A/PI adolescents.
- about 18% of the non-citizen elderly aged 65 years and over were living under poverty compared to 11% of the citizen A/PI elderly.

These figures clearly indicate the difference in need between the citizen and the non-citizen population. Moreover, a higher portion of the A/PI non-citizen population is limited English proficient thus face language barriers that limit every aspect of their lives.

Despite the higher rate of poverty among the immigrant population, *only a small portion of the population who receive public assistance are non-citizens*. According to the recent article in the Christian Science Monitor, "experts agree that legal immigrants of working age are twice as unlikely to take welfare as citizens." (CSM, 1/27/95 p.1) In the article, according to the 1990 Census, "371,000 of 8.7 million receiving public assistance, or 4.3 percent, were legal immigrants. If the refugee population is included, the figure jumps to 9.3 percent. The US total population average is 7.2 percent." (ibid.) Although the legislation clearly delineates the difference between resident non-citizens and refugees (as refugees are exempt from the exclusion), it is not clear on the basis of the assumption behind the legislation, that resident non-citizens receive more than their share of public assistance.

Impact of the Exclusion of Health or Health-Related Programs

The only source of health care for a small but significant number of the indigent A/PI population is Medicaid. Given health characteristics such as high prevalence of certain communicable diseases and chronic health problems, it would be devastating for these individuals to be without any source of medical care.

Moreover, many resident non-citizen populations reside in medically underserved areas where there are shortage of health care providers. In addition to being ineligible for Medicaid, the resident non-citizens are excluded from utilizing community health centers that serve these medically underserved populations. Consequently, being excluded from these two programs will obliterate virtually all source of care for these populations except for local health departments. A medical director from one of the community health centers in California that serves a large

number of the A/PI population stated that about 75% of the client it serves will no longer be eligible to receive care.

Given that the regular source of care for these individuals would be virtually eliminated, more and more individuals with health problems will delay receiving care and will be forced to seek emergency care that will not only be more expensive for the population, but to the nation, since every individual residing in the nation receives emergency care.

In addition, PRA prohibits non-citizen physicians who may want to serve areas that suffer shortage of health professionals, from loan forgiveness and scholarships. There are many areas, whose residents are predominantly citizens or non-citizens, that have an insufficient number of providers, especially in the rural areas. It is important that medical care providers be given incentives to serve in these areas. Excluding non-citizens from these incentives would result in a reduction of physicians who would provide the needed care in the shortage areas. The resulting impact would be felt more likely in the areas with a large citizen population. Therefore, it does not make sense to effectively reduce the supply of health care professionals.

Many of the health programs that will be excluded from the non-citizen population are prevention programs such as maternal & child health services, immunization, lead poison screening and nutrition. Without exception, prevention of diseases is considered the most effective use of health expenditures. Many studies have indicated that the return on investment in prevention is far greater than the initial investment. This truism obviously applies to the 12 million non-citizen populations in the nation. Therefore, sound economic rationale dictates that the nation ensures that all residents of the nation receive preventive services. Unless, we as a nation can deny emergency care to an individual because they are not citizens, it makes economic sense to prevent everyone from needing emergency care. Moreover, most of the prevention services focus on children since the benefit of prevention for the children is the greatest. As stated previously, there are number of communicable diseases that can easily be prevented through immunization and maternal and child health services.

For instance, the carrier rate for hepatitis B is ten times higher in the A/PI population than in the overall population. One of the most effective methods of preventing hepatitis B is immunizing the newborn. Without timely immunization, a newborn will be condemned to a viral infection which may lead to cirrhosis of the liver and liver cancer. Moreover, A/PI's also have higher rates of tuberculosis and measles, highly communicable diseases. It is important for the health of the public to ensure that the spread of deadly communicable disease is prevented.

In the last outbreak of measles, an extremely higher portion of A/PI children contracted, and died from measles. Therefore, making non-citizens ineligible for preventive programs would lead to severely adverse conditions for them and for the rest of the nation.

Projected Cost Savings

According to the legislation (HR4), the savings from excluding non-citizens from the sixty programs will be \$21.7 million. The savings from the programs are concentrated in only a few programs. Most of the savings will be coming from four major programs: Supplemental Security Income (SSI), Medicaid, Foodstamp and Aids to Families with Dependent Children (AFDC). These four programs make up about 97% of the savings and the other 56 programs make up 3% of the savings.

More specifically:

- excluding SSI to non-citizen immigrants is projected to save about \$1.8 billion per year;
- exclusion of Medicaid is projected to save about \$1.5 billion;
- exclusion of Foodstamp is projected to save about \$640 million;
- exclusion of AFDC is projected to save about \$200 million; and
- exclusion of non-citizens from the residual 56 programs is projected to save \$140 million.

According to the legislation and press reports, most of the savings will be used to finance the middle class tax cut, another component of the Contract with America. These figures lead to a question regarding the assumptions behind this legislation. The inclusion of all programs, regardless of the amount of savings it would yield from exclusion of non-citizens, seems to imply a belief that no federal programs should be available to the immigrants until they become citizens. If the primary reason for the non-citizen exclusion was to finance welfare reform or middle class tax cut, the exclusion of four programs (SSI, AFDC, Foodstamp and Medicaid) would be sufficient to generate the savings without increasing administrative burden of determining eligibility for the fifty-six other minor programs.

This obvious belief that is the basis of this legislation is beyond the scope of this paper since this paper attempts to discuss the cost and benefit of the proposed policy in the health care arena. However, it is an important question that needs to be addressed as the nation considers this welfare reform legislation.

Conclusion

The Personal Responsibility Act, in an unprecedented way, will distinguish the difference between citizens and non-citizens. In a nation that is composed of waves of immigrants from all corners of the world, the distinction from citizens and those who are awaiting to be citizens are minimal. There are only two major differences that currently separates citizens from non-citizens. One is voting and the other is delay in receiving public assistance. Currently, non-citizens are not eligible to receive public assistance until they have been in the country for three to five years, presumably to ensure that the new immigrants have contributed to their newly adopted nation.

Other than these two distinctions, non-citizens are required to pay all taxes and user fees imposed by government at all levels of the government and register for the draft. Moreover, many non-citizens volunteer for the armed services to protect this nation. Given the history of the nation and the contribution that the current non-citizens make to the nation, it does not make sense to distinguish them from other populations.

Moreover, the economic and social cost of excluding health and health-related programs to non-citizens would likely be much higher than the savings. More importantly, some of the cost would be imposed on the citizen population due to the lack of prevention efforts among a large portion of the population. Therefore, we strongly recommend that the Subcommittee members consider these issues when deliberating the current welfare reform proposal.

To: Phillip D. Moseley
 Chief of Staff
 Committee on Ways and Means
 U.S. House of Representatives
 1102 Longworth House Office Building
 Washington, D.C. 20515

Subject: Welfare Reform

Date: 1/30/95

I am not now, nor have I ever (haunting words) been on welfare! Thank goodness, and I hope I never have to rely on the government to survive. America agrees that welfare reform is necessary. But please, I implore you, do not make welfare mom's the scape goat of America's problems . . . again. I have several problems with the Contract With America, proposed Personal Responsibility Act.

First, a little personal history. I am a 34 year old women with a masters level education, employed as an environmental consultant primarily at a DOE facility. I have not been politically active until recently. In the spring of 1992, I funded a trip to Washington, DC to attend the Pro-Choice March on Washington. In the fall of 1992, I voluntarily worked voter registration tables. Finally, I funded a personal trip to Washington just 3 weeks ago to witness the beginning of the 104th Congress, a Congress I feel personally threatened by. During that time, I sat in on the January 13, 1995 Ways and Means Committee Meeting on Welfare Reform, and now have first hand knowledge of how the subcommittees "stack" the panels. I did not realize the committees were so partisan!

I have read (1) the Contract with America, (2) the Personal Responsibility Act, and (3) your committee report dated January 5, 1995. One general statement that I would like to make before getting into the specifics is that it is curious to me (in your report) that you know so much about giving breaks to upper middle and upper class wage earners, that 5 pages of well researched information is presented in the Job Creation and Wage Enhancement Act. However, counter to this are the two pages of punishment targeted at welfare mothers (the majority are!) with no plan what-so-ever to provide incentive.

I feel compelled to send this letter on behalf of welfare recipients because I witnessed first hand in Washington the lobbyists and the schmoozers for all sorts of causes that line the pockets of special interests and thought, gee, I'll bet there aren't any lobbyists representing the interest of people who find themselves in the unfortunate position of needing public assistance.

The specific points I wish to address are the following:

- (1) Statistics
- (2) Illegitimacy
- (3) Working Mothers
- (4) Capping Welfare Spending

Statistics: We don't need Rush Limbaugh types (i.e., The Heritage Foundation) to falsely draw statistical conclusions. The chart he showed at the meeting referred to above, showed only the numbers of persons on welfare without taking into account population growth. On Good Morning America, a reporter quoted that in 1975 11.5 million persons were on welfare, while today that number is 14.5, which appears to be a 30% increase, when in reality it is a 5.5% increase in "rates" of persons on welfare, which could be due to other factors.

Illegitimacy: Where's Murphy Brown when we need her. This term is so antiquated as we near the 2nd millennium. And, it is especially targeted at the children, who have less say

in this debate then the adults. I agree that fathers need to be responsible. What truly bothers me most is that not one word is breathed in this passage about birth prevention. Get with it, kids need to learn about sex in school. They need to know about birth control. And if they are faced with an unwanted pregnancy, let them choose from the legal options available, including abortion. To put a gag rule on a medically available, legal procedure is outrageous, and makes me doubt that you (the GOP) will ever act in the interest of women.

Working mothers: Why is it that a women who, because she is of a privileged economic class, chooses to stay home and raise her children is performing the most important job in the world, but a poor women is a lazy, no-good, cheat? You preach family values, but is it only for a privileged class?

Capping Welfare Spending: You wouldn't have to cap welfare spending if you incorporated incentives that really got people off of welfare. The spending would be automatically capped.

Finally, a few ideas from a citizen of the United States who doesn't even have a stake in this! Do not make people destitute before they can collect some assistance.

(1) **Day care:** Single mothers in particular need day care. I think this could be more readily accomplished at a local level where the community becomes a stakeholder in the "welfare" of the children and the employment or education of the woman.

(2) **Medical Benefits:** I know first hand that there are single mothers out there who stay on welfare only because they would not have medical coverage if they worked. Figure that out and alot of people would work.

(3) **School Lunches:** I can't believe that you're even considering this as a possible cut back (basic nutritional needs for children). To me this is as about out of touch as providing low income families a tax break for the purchase of lap-top computers.

(4) **ERA:** Pass the Equal Rights Amendment. I know this sounds old, but it certainly is a radical notion, isn't it. Here's a thought. Why are single mothers the poorest group in the U.S., and the counterpart father not nearly as destitute. Because, not only is she taking care of the children, but on less than what the man could make!

Please, do the right thing!

Respectfully submitted,



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**STATEMENT OF ELOISE ANDERSON
DIRECTOR
CALIFORNIA DEPARTMENT OF SOCIAL SERVICES**

My name is Eloise Anderson and I am the Director of the California Department of Social Services (CDSS). The CDSS wishes to express its appreciation for the level of Congressional interest being shown for problems and issues in the administration of the SSI/SSP program. Given the growing number of recipients of SSI/SSP disability benefits in California, your interest and concern are welcome and shared by the CDSS. Following are suggestions for legislation and other reforms that we feel would cause significant improvement to the program. We are advocating these changes in federal law and administrative practices to improve the integrity of the program.

**ELIMINATION OR MODIFICATION OF CASH PAYMENTS OF
SSI/SSP BENEFITS FOR DISABLED CHILDREN**

Federal law requires SSI/SSP disability benefits for children to be paid in the form of cash grants, as are all other SSI/SSP benefits. There have been allegations presented to Congress and the Social Security Administration (SSA) that some parents use the recipient-child's SSI/SSP funds for purposes other than meeting the child's needs. California proposes the elimination of cash benefits for disabled children. In lieu of cash benefits, other alternatives such as the modification of Medicaid or the use of vouchers should be explored.

California urges that Congress fundamentally change cash grants to children while at the same time providing alternatives that ensure access to services for disabled children. These options should safeguard services and result in cost savings to state and federal governments.

**IMPLEMENT TIME LIMITATIONS ON PAYMENT OF
SSI/SSP DISABILITY BENEFITS**

Current federal law provides medical improvement as the test for determining whether a disability recipient is still disabled. There is no time limit placed on the period that an individual may receive benefits. At the time of adjudication, a decision is made as to whether the individual's medical condition is expected to improve, may possibly improve, or is not expected to improve. Federal law requires that a continuing disability review (CDR) be done at least every three years for nonpermanent impairments. However, unless a timely CDR is performed, the recipient can continue to receive SSI/SSP benefits indefinitely despite having an impairment that may have improved sufficiently to allow a resumption of substantial work activity.

Currently, over one-third of all allowed disability claims are based on medical impairments that are expected to improve. In 1989, SSA placed a moratorium on CDRs and allocated its limited resources to servicing the escalating number of initial disability applicants. Since that time, only a very limited number of CDRs have been reviewed: Nationally in federal fiscal year 1994, 10,743 SSI/SSP CDRs were processed. Unless an individual reported medical improvement or returned to work activity with reported income, SSI/SSP payments would continue to be provided. Although California has recently resumed CDRs on a limited basis, there is a national backlog in excess of one million overdue SSI/SSP medical reviews. Hence, many individuals continue to receive SSI/SSP benefits long after their medical conditions have improved sufficiently enough to resume work activity. States, like California, that are experiencing difficult economic times cannot afford to bear these unnecessary costs, and neither should the federal government.

California recommends that time-limited benefits be imposed on individuals who have impairments that are expected to improve. Individuals with temporary rather than life-long impairments will know exactly how long their benefits will be available, and can plan accordingly. The duration of entitlement would depend on the nature of the impairment. The SSA already has the structure in place to make such determinations as it has developed a list of impairments where medical improvement is expected. These are known as "MIE" cases. This measure would significantly decrease the number of beneficiaries who continue to receive federal and state monies inappropriately.

California believes that time-limited benefits will allow better services to the SSI/SSP population. Given SSA's staffing and funding limitations, more resources would be available for processing initial SSI/SSP disability applications and the remaining CDRs.

IMPLEMENT MORE STRINGENT CRITERIA FOR EVALUATING SSI/SSP RECIPIENTS' CONTINUING DISABILITY

In 1984, federal law substituted "medical improvement" for "current severity" as the test for determining whether a recipient is still disabled at the time a continuing disability review (CDR) is done on his/her case. Under the previous rules, benefits could be ceased if the CDR established that the recipient was not currently disabled using the same standards as applied to initial applications. Under the 1984 implementing regulations, even if it is established that the initial disability decision was questionable, we cannot terminate an individual's SSI/SSP benefits unless there has been medical improvement in the recipient's condition. Thus, a person who may have been inappropriately granted eligibility on the basis of a questionable or minor impairment, or on the subjective decision of an administrative law judge, can continue to receive benefits if that impairment still exists at the time of the CDR. The medical improvement review standard (MIRS) has resulted in an inequitable disability standard in which a recipient may continue to receive monthly payments for the same impairment that an initial SSI/SSP applicant would have been denied benefits.

Before the implementation of the MIRS, about 35% of CDRs resulted in termination of SSI/SSP benefits, while currently only 10% of those who initially qualify are ever removed from the disability rolls. Once receiving SSI/SSP benefits, there is little incentive for recipients to attempt to return to substantial work because few are ever terminated. This has placed an inordinate burden on both the state and federal funding programs. Hence, California strongly urges Congress to establish a modified "current severity" criteria for the evaluation of continuing disability. While the MIRS should remain the main criteria for evaluating CDRs, an additional step should be included in the review process. California recommends that SSI/SSP benefits be terminated if the adjudicative team determines that the initial decision was not supported by objective findings and the impairment is not currently severe.

IMPLEMENT MORE STRINGENT CRITERIA FOR DISABILITY BASED ON MENTAL IMPAIRMENT

In August 1985, the mental impairment criteria in the federal disability regulations were liberalized. The intent of the revised regulations was to more realistically reflect the effect of functional limitations caused by a mental impairment. Unfortunately, the implementation of the law has resulted in a subtle shift in reliance from objective to subjective evidence. Since that time, there has been a significant increase in the number of approved SSI/SSP claims involving a mental impairment. In 1993, approximately 50% of all approved SSI/SSP claims had a mental impairment as the primary diagnosis. The more liberalized mental impairment criteria has allowed many individuals with mild anxiety or slight behavioral or maladjustment problems to become eligible for benefits. It has also resulted in increased reports that claimants can easily exaggerate their symptoms. As previously indicated, it is difficult to remove such individuals from the disability rolls unless clear medical improvement can be documented.

California recommends that consideration be given to initiating more stringent criteria for affective disorders, anxiety-related disorders, and personality disorders. Many individuals with such impairments do retain the ability to work, but are not motivated to seek employment when disability benefits can be so easily obtained. Given the large number of SSI/SSP applicants in California who allege mental impairments, we believe that a stricter standard will significantly reduce the number of questionable allowances.

ELIMINATION OF DRUG ADDICTION AND ALCOHOLISM AS QUALIFYING DISABILITIES FOR SSI/SSP BENEFITS

The number of individuals qualifying for SSI/SSP on the basis of drug addiction or alcoholism (DA/A) has been a growing concern in California. There are currently 31,000 SSI/SSP recipients in California whose primary disabling condition is DA/A. That number is growing by as much as eight thousand annually.

Even prior to the recent amendments to SSI/SSP DA/A law, the express intent of federal statute was to require recipients to undergo appropriate treatment in order to maintain their eligibility. In theory, their disability was also to be reviewed within a year or two of entitlement for evidence of medical recovery. But what CDSS found was that the Social Security Administration (SSA) would waive the requirement for treatment if local treatment facilities were unavailable or inappropriate. Such facilities could be deemed inappropriate or unavailable if the DA/A recipient was merely required to pay for transportation to the facility or make a nominal co-payment for treatment. Furthermore, the SSA had imposed a several-year moratorium on continuing disability reviews so that even if the DA/A recipient underwent treatment, his disability was not reviewed for possible recovery. We have yet to see if the new law's attempt to force implementation of old law's basic intent will meet with any greater success.

California's position is that SSI/SSP payments provide a source of cash which, too often, is used to feed the addiction of the DA/A recipient. As such, the SSI/SSP payments provide an incentive for the drug addict or alcoholic NOT to recover from their addiction. California recommends the elimination of this cash incentive by excluding drug addiction or alcoholism from being considered in the disability determination for SSI/SSP eligibility.

RESTORE STATE CONTROL THROUGH THE ELIMINATION OF BOTH THE PASS ALONG AND ADMINISTRATIVE FEE REQUIREMENTS

Since the Committee is wisely examining SSI/SSP issues within the context of the *Contract with America*, I would like to take this opportunity to point out an overriding concern with federal laws that inappropriately restrict the states' control over their own SSP programs. The primary offenders are the federal "pass-along" law (Section 1618 of the Social Security Act) and the administrative fees law (Section 1616 of the Social Security Act).

The pass-along law was originally enacted in 1976, two years after forty-three states agreed to provide SSP benefits to all SSI recipients under assurances from the federal government that the states would be permitted to control their SSP costs. Contrary to those assurances, enactment of the pass-along law took SSP fiscal control away from the states by directly linking a state's federal Medicaid funding to its maintenance of certain minimum SSP levels. The 1976 law set states' minimum SSP levels at their December 1976 amounts. The law was enacted to prevent states from reducing their SSP rates when a federal increase was provided in the SSI payment standard. While the states objected to enactment of the original pass-along law, they vociferously protested the 1983 amendment that raised the SSP rate "floor" to the levels paid in March 1983. This amendment not only further reduced states' control over their own SSP expenditures but, in California's case, locked the state into SSP rates that reflected generous SSP increases voluntarily provided from 1976 to 1983.

Therefore, SSA interprets the pass-along law as also precluding states from consolidating their SSP payment categories and, thus, from simplifying SSP program administration by SSA. This issue carries a multi-million dollar annual price tag for California since, effective October 1993, federal law requires states with federally administered SSP programs to pay an administrative fee to SSA. I must emphasize that the legislative history of the laws enacting SSI show the clear intent of Congress to encourage states to supplement the federal SSI payment by allowing for federal administration of the state supplement at no cost to the states. Despite this commitment made to the states, the administrative fees law was enacted and currently the fee is \$3.33 for every check issued; the fee will increase to \$5.00 per check on October 1, 1995.

This year, California will pay more than \$60 million in administrative fees. But of even greater concern is the fact that the fee schedule calls for payments to increase in the future based, in part, on the administrative complexity of a State's program. California would obviously like to simplify its program and reduce its administrative costs by consolidating its nearly twenty payment categories into fewer variations. Ironically, the state is prevented from doing so by SSA's interpretation that the pass-along law requires maintenance of a state's existing SSP variations. This unfairly penalizes states with complex SSP programs which, due to federal restrictions, are unable to streamline or simplify. While California objects to the entirety of the pass-along law, California believes SSA's interpretation goes well beyond the law's express intent.

The pass-along law denies states the flexibility needed to simplify and control SSP programs, or to adjust SSP grants to affordable levels in times of economic difficulty. The administrative fees law further reneges on the original commitments that the federal government made in its efforts to entice states to augment the SSI benefit. Surely these broken promises are contrary to the welfare reform philosophy and wisdom expressed in the *Contract with America* concerning responsibility, accountability and expanded flexibility to states.

California respectfully proposes repeal of the pass-along law and the repeal of the SSP administrative fees law.

SUMMARY

California urges Congress to support the proposals detailed in this statement of testimony. In summary, the following are proposed:

- Eliminate or modify the cash payments of SSI/SSP benefits for disabled children while providing services to children with disabilities at reduced costs to both the state and federal governments.
- Implement time limits on payments of SSI/SSP disability benefits.
- Implement more stringent criteria for reevaluating SSI/SSP recipient's continuing disability.
- Implement more stringent criteria for disability based on mental impairment.
- Eliminate drug addiction and alcoholism as qualifying disabilities for SSI/SSP benefits.
- Restore state control through the elimination of the pass-along and administrative fee.

**STATEMENT OF GORDON CHIN
EXECUTIVE DIRECTOR
CHINATOWN RESOURCE CENTER AND THE
CHINESE COMMUNITY HOUSING CORPORATION**

I would like to thank the Committee for the opportunity to submit my comments and express my deepest concern over proposed legislation, such as Title IV of HR4, the Personal Responsibility Act, that would ban legal immigrants from access to vital federal assistance and social services. If such proposals are passed, it would have a devastating impact on America's low-income, ethnic communities throughout the entire country - neighborhoods with a large immigrant population such as ours: San Francisco's Chinatown.

OUR ORGANIZATIONS: CHINATOWN RESOURCE CENTER & CHINESE COMMUNITY HOUSING CORPORATION:

The Chinatown Resource Center (CRC) was established in 1977 by five grassroots organizations that evolved in the late 1960s and early 1970s to address the growing needs of San Francisco's Chinatown immigrant community: These include the need for sufficient safe, decent low and moderate income housing, better recreational facilities, more open space, adequate community space, and improved vehicular and pedestrian access.

Over the years, CRC has become a leading Chinatown neighborhood organization, advocating for the community's involvement in public policy decisions, planning for the neighborhood's future development, serving as a "watchdog" over private development, and implementing literally hundreds of neighborhood environmental projects by improving streets, alleyways, community centers, playgrounds, public transportation, and housing.

In 1978, CRC established the Chinese Community Housing Corporation

(CCHC), its subsidiary housing development arm, to integrate housing development activities into the overall neighborhood improvement strategy. CCHC has played a major role in the development of over 2,300 units of long-term, affordable, quality housing within San Francisco.

Together, the two organizations, sharing one Executive Director, have grown over the past 17 years from a fledgeling organization with a staff of three to a combined total of over 80 personnel, with nearly 40 people comprising the two governing boards, and an active volunteer base of over 100 people serving on organizational committees and assisting in programs and at events. Financially, the combined CRC and CCHC administrative budgets have grown to over \$2 million with CCHC housing project budgets exceeding \$2.5 million annually.

CLIENT-BASE AND IMPACT:

Approximately one-quarter of CRC's budget and a third of CCHC's budgets are funded from federal sources such as Community Development Block Grants (CDBG) and federal subsidized housing programs such as Section 8 Low Income Housing Assistance, Section 202 Senior Housing, and HOME Programs.

This funding enables us to provide a well-managed, safe and stable home with tenant services for over 1,500 low- or very low-income tenants within the 15 housing projects, or 1,042 units, that CCHC currently owns or manages in San Francisco's Chinatown, North Beach, and Tenderloin neighborhoods. Nearly 200 of our tenants are children, and almost 40% are seniors.

It is a diverse community made up of Asians, African Americans, Hispanics, Native Americans, and Caucasians. Many of our tenants are immigrants from Asia and the former Soviet Union, who are struggling with language problems. As a result, they are often confined to working long hours in low-skilled, low-wage jobs, with little or no mobility. Job training and ESL classes are critical to help raise the economic opportunities of these immigrant families and individuals. As important is the continuation of immunization and nutrition programs, school lunches and

preventive health care for their children so that these children may develop healthily and be productive members of society.

Among our seniors, many rely on SSI as supplemental income because their social security benefits are not sufficient to allow them to live and eat. For some, SSI is their sole source of income because, despite their having worked and paid taxes to the American government, they have been in the United States for too short a period of time to qualify for social security benefits.

The proposed program cuts and the denial of federal assistance and social services to legal immigrants under the Personal Responsibility Act, therefore, would have a profound impact on the lives of our tenants, rendering them homeless and hopeless through no fault of their own. Beyond the 1,500 low-income tenants living in our affordable housing projects, the Personal Responsibility Act will have a significant impact on Chinatown's low-income, immigrant community that we care about.

HISTORY AND CONTRIBUTION OF THE CHINATOWN COMMUNITY:

One of the most long-standing, stable neighborhoods in this country, San Francisco's Chinatown was founded by Chinese immigrants in the 1800s, and over generations of struggle and strive, it has been regenerated and stabilized by the influx of new immigrants.

Chinatown began as a haven for early Chinese immigrant workers who were segregated by discrimination and cut off from their families in China through anti-immigrant public policies such as the enactment of the Chinese Exclusion Act of 1882 and other Asian exclusion laws. After the earthquake and fire of 1906 which completely destroyed the neighborhood, its Chinese residents quickly rebuilt their neighborhood in the same spot despite attempts to remove and relocate them elsewhere. Because of immigration restrictions, the community began to shrink until the repeal of the Chinese Exclusion Act and immigration reform laws in the

1960s allowed new Chinese immigrants to enter the United States to reunite with their family members. These new immigrants have regenerated and maintained the stability and health of the Chinatown neighborhood.

Today, Chinatown plays an important role within San Francisco's economy as a major tourist destination. Tourists are attracted to Chinatown not just for its restaurants and specialty shops, but by the vibrancy and activity of its residential life. It is the people who live and work within the community, who are immigrants, who help support and establish neighborhood businesses that add to the overall richness of the community.

Just as Chinatown has enhanced the City's tourist trade and sales tax base, the neighborhood's immigrant community has contributed greatly to the American society. They work and pay taxes, they send their sons to war, they create jobs through their neighborhood businesses, they volunteer their services to the community and to society, and for the many seniors who live in our community, they take care of their grandchildren to allow both parents to work and contribute to the tax base.

Whether community members are citizens or not does not take away their contributions to American society. For many in our community, the naturalization process is a difficult one and at times, insurmountable. Many work long hours to support their families and do not have time or opportunity to take English classes or citizenship classes.

The harsh reality is that often in our community, the father spends his life working in the hot kitchen of a Chinese restaurant 12 hours a day, six days a week, and the mother is employed as a seamstress getting paid a few cents for each piece that she sews, sometimes bringing home piecework so that she can look after her children and continue to earn a little more money. The parents have no choice. Their sacrifices are for their children, so that their children might be educated and be able to lead a better life.

This is the story of one of my staff whose parents labored for over 25 years in a restaurant and behind a sewing machine, supporting a family of four. Her parents might not have gotten their citizenship, but their work ethics and the values they instill in their children to pursue higher education, which they achieved, are universally upheld in American society.

We have also found that the standard ESL classes or even the citizenship classes offered in one's own dialect are not effective for immigrants who not only do not speak English but are illiterate in their own language. The difficulty is that these standard citizenship classes are taught with written material, that require students to be able to read in their own language. Many of our seniors, unfortunately, are illiterate.

Recognizing this problem, the Chinatown Community Tenants Association (CTA) with the technical assistance of CRC has started its own citizenship classes that teach seniors who might be illiterate through the method of recitation. CTA is a 600 strong member association of primarily elderly, monolingual Chinese-speaking residents that CRC helped organized. CTA has emerged as one of the most active tenant groups in San Francisco. Despite the English limitation of its board and members, CTA is able to empower themselves to address community needs.

Began a year ago, CTA's citizenship classes have received great response, with elderly students traveling long distances across the Bay to attend classes. Most of the students are over 65 and all of them have been in the United States for over 15 years. This demonstrates that the difficulty of the naturalization process might have thwarted many legal immigrants from becoming citizens.

Many of our seniors immigrated to the United States so they can be with their family. It is often difficult for them, at their age, to adapt to the foreign circumstances of their new environment. The difficulty is more pronounced given their inability to speak the language. Therefore, many want and need to live in Chinatown where the environment is more familiar and they can receive the social services that are

linguistically and culturally appropriate for them.

They have strong civic pride in their community, as evident by the strength of leadership of the Chinatown Community Tenants Association. Because of their age and language difficulties, they cannot find a job, although they might want to work. Therefore, they are reliant on public assistance. However, they contribute back to society, such as taking care of their grandchildren or volunteering for their community.

This is the situation of one of our elderly volunteers. He is 69 year old and came to the United States four years ago to be closer to his daughter. She and his brother-in-law, both in the United States, are the only living relatives that he and his wife have. Although he was a professional engineer back in China and could speak English, he has been unable to find a job here given his age. He had even applied to shelf books in the library, but was turned down.

His wife and he barely subsist on general assistance and food stamps. Eighty percent of the general assistance is used to pay the rent. To "repay" the government for the assistance, he volunteers his time to the community, to the library and to our office, offering his professional expertise in engineering to assist in our programs.

Such are the real people that will be hurt should the Personal Responsibility Act go through. This proposal will dismantle the entire fabric of whole communities by removing the safety net for those who are truly in need. The result is the expansion of the underclass and the rise in social costs. In the end, America will suffer by such unfair and discriminatory policies that would pit people against one another based on their citizenship status, disregarding what is right and just. We must not forget that immigrants built this country and that our forbears were also immigrants. And that government has the fiduciary responsibility to care for its people and invest in the future of all its children.

**TESTIMONY OF JILL MILLER
COALITION ON WOMEN AND JOB TRAINING**

Mr. Chairman, on behalf of the Coalition on Women and Job Training I am pleased to submit this statement for the record. The Coalition on Women and Job Training is committed to ensuring that all women, both those already in the workforce and those entering or re-entering, have access to quality education and training for high wage jobs. We represent millions of women who are working and/or are in need of employment and training services. We also represent the expertise of professionals throughout the United States who have years of experience in providing employment and training services for women.

The Coalition has developed principles guiding our advocacy on education, training, and support services for women receiving public assistance benefits. Our overriding concern is that the services provided assist women to achieve long-term economic self-sufficiency rather than simply remove them from public assistance. The principle of long-term economic self-sufficiency for women and their families is the key to a successful welfare reform effort. We strongly believe that any welfare "reform" that simply cuts women and their children off welfare will only exacerbate poverty and homelessness.

Education and training services must be a vital part of welfare reform. The average AFDC mother is 29 years old, has two children and four years of work experience. But because of limited skills and education, these women have often been limited to low wage jobs that are either part time or temporary. Many single mothers use welfare as a source of income between jobs because they do not qualify for unemployment insurance. Many are ineligible for unemployment because they earn wages that are too low or because they are part time workers. Others are forced to rely on welfare when they are temporarily disabled and unable to work. Many women, caught in the low wage labor market, are pushed back onto welfare when a job ends or child care arrangements fall through. And even more discouraging, is the lack of health care they face in these part time, often temporary positions.

When an investment is made in quality education and training for welfare recipients, they are able to upgrade their skills and are much less likely to return to the welfare rolls. Armed with the skills necessary for our rapidly advancing workplace, women can obtain employment that will pay adequate wages to support their families.

There are several essential components that must be a part of any welfare reform effort in order to successfully challenge these barriers that recipients face towards long-term self-sufficiency.

Once the commitment is made to invest in education and training, avenues to gaining access to these services must be initiated. This includes providing a variety of assessment tools, the opportunity for the individual to develop education goals and a career-life plan, counseling, knowledge of workers' rights, and participation in support groups. These programs should be required to encourage and promote opportunities to pursue training for high wage occupations, including nontraditional occupations. Rather than steering participants down a career path that may disappear or change drastically, participants should fully understand all aspects of the industry they are entering and its future potential.

These programs should focus on the goal of enhancing the employability and/or increasing the earnings of participants. Work experience components of any program should develop relevant skills, be linked to comprehensive education and training programs and advance the participant's long term employment goals. We will not help recipients obtain private sector employment or help them increase their earning potential by encouraging them to work for benefits. Requiring recipients to "work off" benefits at far below the minimum wage creates an impoverished class of workers who would not enjoy the basic rights to which all other American workers are entitled.

We would also like to emphasize the importance of support services such as child care and transportation for fostering long-term self-sufficiency for participants. It has been proven that welfare recipients cannot succeed in education and training or work unless they receive the support services that they need during program participation and to the extent necessary after entering employment. These services must include health care, quality child care, transportation, housing counseling, domestic violence services, addiction and recovery counseling, adult dependent care, and family support services. Training and education should

be closely coordinated with these services in order to prevent participant dropout.

Child care assistance is critical to program participants and should reflect the true costs of quality child care. If welfare recipients do not receive adequate support for child care, they could be forced to drop out of the program or, even worse, leave their children unattended, in inadequate settings, or call upon other people to provide their care at poverty wages.

These services should not be interrupted by arbitrary time limits. Every welfare recipient should be entitled to pursue and complete appropriate education and training services in order to achieve self-sufficiency.

Current proposals consider denying benefits to teen mothers and their children, legal immigrants, children whose poverty has not been established and other groups. By denying benefits to certain groups, we will incur greater long-term costs by allowing these groups to become completely impoverished. Childhood poverty has already reached epidemic proportions in the United States; such proposals threaten an increase in childhood poverty. This has the potential of costing the country billions of dollars in future working productivity and unemployment.

We would also like to highlight the importance of promoting, rather than penalizing, work efforts. The AFDC system as it currently operates is guilty of this. Reforms should be made to make it easier to combine some paid employment with AFDC receipt by finding ways to allow recipients to retain more of their earnings. Women should not be forced to apply for welfare in order to obtain child care or health care services. Encouraging states to provide comprehensive support services independent of cash assistance can prevent women from being forced onto the welfare rolls.

Finally, we would like to stress the link between federal responsibility and successful welfare reform. The federal role in a welfare system is crucial to ensuring the provision of high quality education and training and support services. The federal government has a responsibility to oversee the entire operation and make sure it is working effectively. States must be required to provide education and training services to welfare recipients. These programs should be adequately funded with improved state match rates to ensure that participants in all states and communities have access to education and training services that ensure self-sufficiency. Education and training is an investment in the work force that can bring many benefits, but only if a true investment for the long-term is made. Performance standards that are focused on outcomes based on a Self Sufficiency Standard should be instituted.

We believe that needy families must be assured that the AFDC program and other safety net programs will be there when they need them. By making these programs discretionary or into block grants, we will make many eligible families unable to receive benefits. When basic safety net programs are block granted, they can no longer serve as an important factor in stabilizing the economy during recessions or other economic dislocations.

Another critical requirement of the federal government in any welfare reform effort is that they must include minimum program requirements to ensure universal elements in all states and equity between recipients from different states. States should only be allowed to develop experimental programs that enhance or enrich services. No welfare recipients or group of recipients should have benefits or options reduced beyond the minimum requirements.

Finally, a strong federal role in research, oversight, technical assistance, and data collection to document success and facilitate replication is absolutely essential. This stipulation is necessary to ensure accountability for public funds. Data should be reported by race, gender, and age and be used by the federal government to protect against discrimination. The privacy and welfare of individuals must be protected in any research or data collection efforts.

Welfare reform offers the possibility of changing the current program from one that does not reward work to a program that fosters an explicit dedication to both personal and economic long-term self-sufficiency. Through comprehensive, federally-supported efforts, we can achieve these goals.

TESTIMONY
TO THE SUBCOMMITTEE ON HUMAN RESOURCES
OF THE COMMITTEE ON WAYS AND MEANS
OF THE HOUSE OF REPRESENTATIVES

January 30, 1995

Nora Johnson
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Ladies and gentlemen of the Subcommittee, thank you for allowing me to submit this statement today. To introduce myself, let me say that I live in Pittsburgh, and have been working since 1988 in both a professional and a voluntary capacity with people who need to use the welfare system to support themselves. Until 1994, I was the Executive Director of the Rainbow Kitchen, a charitable organization which operates a soup kitchen, a food pantry, a free medical clinic and a child care center. I have been a member of the Pittsburgh Presbytery Lazarus Fund, a committee which distributes offerings from congregations to needy households, since 1989. I am a member of the Coalition to Stop Welfare Cuts, a large group of organizations and individuals who have been meeting for several years. Finally, I am about to start work with the East End Cooperative Ministry, a charitable organization funded directly by many religious congregations and denominations. My task there, over the next few months, will be to find private sector jobs for welfare recipients.

Our experience during the last years in the Pittsburgh area has been one of collapse and loss: the collapse of the steel industry followed by 12 years of deindustrialization and job loss. We have seen the dislocation of families, the loss of income, the decline of population and an increase in suicides and marital and family breakups. Soup kitchens and food pantries are found in every neighborhood: the Greater Pittsburgh Community Food Bank serves 370 such organizations in Allegheny County alone. In addition, the Food Bank serves as a central food clearinghouse for 13 outlying counties.

Results of a new study by the organization Just Harvest entitled "Hometown Hunger", released in October, 1994, show clearly what our years of economic decline have done to the weakest among us: 15,000 children under 12 (1 out of 4) are hungry or at-risk in Pittsburgh. 29,500 children under 12 (1 out of 7) are hungry or at-risk of hunger in Allegheny County.

In this world of impersonal economic forces wreaking havoc on people's hopes and dreams, the Personal Responsibility Act segment of the Contract With America is an extreme and unforgiving approach to addressing our country's problems. People need more reliable income to fight their way out of poverty. For most Americans, a job is the most important source of income. If there is no job, there is no income, hence the need to accept public support for a time. Despite the rhetoric of the Personal Responsibility Act, the worst effects of joblessness result from large, societal forces, such as the collapse of industry.

Another cause of unemployment during this last year has been the manipulation of interest rates intended to cool the economy and stem inflation by cutting employment levels. In a very real sense, people have been kept out of jobs by the very government which is now seeking to eliminate welfare support. We are putting people in a terrible catch-22 situation.

The underlying assumption of the Personal Responsibility Act is that poor people are costing the country too much by being irresponsible, having too many children and collecting too much welfare. Welfare recipients share this harsh judgment against themselves. In my years at the Rainbow Kitchen, I never heard anyone speak more unforgivingly against welfare recipients than recipients themselves. The next most harsh judgment I heard was from people who had received welfare at one time but now did not need the benefits any longer. A common attitude I heard was, "If I can get off welfare, anyone can." While I was always glad to hear that someone had succeeded in escaping the system, I frequently wondered how much that person actually knew about the struggles of someone else. Recipients seem to carry such a load of guilt for accepting public assistance that they distance themselves from the experience as soon as they can after leaving it. The

distancing process seems to mean rejection of those still in need of support, and, sometimes, rejection of the whole system.

I believe that the Personal Responsibility Act is based upon a wrong assumption. In fact, it is well documented that poor people do not have any more children than anyone else.¹ Furthermore, why should we begrudge helping poor people who have no other resources when we subsidize businesses, who should be the engine that pulls the rest of the economy? The cost of welfare for poor people is comparable to direct payments to corporations: for example, we spend \$40 billion on food programs for the poor, and \$51 billion on "corporate welfare": direct payments to businesses for a variety of purposes.² The cost of welfare is much less significant than other cost categories, such as defense, Social Security and Medicare.

We shape our public policies in the image of our ethical systems. As a Christian, I wish to give that perspective, without, however, implying that members of other faith communities - or none - do not share it.

In assessing the welfare question, as in all things, Christians are called to do two things: love God and love each other. The Personal Responsibility Act, with its harsh and judgmental provisions, does not fulfill the call to love each other. Therefore, the harsh judgment of the Personal Responsibility Act is not acceptable from a Christian point of view. We must turn it down.

The Welfare system does need to be revised, to serve people better while they need benefits and to lift people out of poverty so that they no longer need benefits. Some believe that private charity can take the place of a publicly financed and administered income support system. The suggestion has been made, also from a Christian perspective, that religious groups should become involved and offer private charity to the poor. However, it has been estimated that to replace the benefits that can be offered by a public system, each and every religious congregation in the country would have to contribute \$170,000 annually.³ As a member of a middle-class, middle-sized congregation whose annual budget is not much more, I do not think the suggestion to be feasible.

Furthermore, any system which aspires to really help people needs to be prepared to offer them money. In-kind donations do not pay the heating bill or the rent or any of the myriad needs which require cash payment. As Director of the Rainbow Kitchen and as a member of the Lazarus Fund, I have seen first-hand the difficulty of administering a system which can accountably distribute money directly. It is much easier to offer free food or even medical care than to hand out money. The federal government is in the best situation to administer social support, better also than state governments, simply because it is larger and can have an equalizing effect on the distribution of benefits.

Constructive suggestions for a benign reworking of the welfare system have been largely absent from the public discussion of the Personal Responsibility Act. On February 24, the Coalition to End Welfare Cuts is holding a community-wide conference in Pittsburgh. Entitled "Real Welfare Reform: Visions for Ending Poverty", the conference was initiated by Congressman William Coyne, Just Harvest, the Mon Valley Unemployed Committee, the Alliance for Progressive Action, First Step Recovery Homes, Mon Yough Center for Substance Abuse, the Thomas Merton Center and Unitarian Universalists for a Just Economic Community.

In the meantime, discussion around remaking welfare into an accountable, humane and supportive system has been developing. I offer two drafts, quoting them in their entirety. Thank you for considering them, as well as my remarks.

1. Religious Leaders Speak Out About Welfare Reform

As people of faith and religious commitment, we are called to stand with and seek justice for people who are poor. Central to our religious traditions, sacred texts, and teachings is a divine mandate to side with and protect poor people. We share a conviction, therefore, that welfare reform must not focus on eliminating programs, but on eliminating poverty and the damage it inflicts on children (who are 2/3 of all welfare recipients), on their parents, and on the rest of society.

¹"Legislative Background: Basic Facts about AFDC", Lutheran Office for Governmental Affairs, 1994.

²"Aid for Dependent Corporations", Center for Study of Responsive Law, Jan., 1994.

³Bread for the World.

We recognize the benefit to the entire community of helping people move from welfare into the job market when possible and appropriate. We fear, however, that reform will fail if it ignores labor market issues such as unemployment and an inadequate minimum wage and important family issues such as the affordability of child care and the economic value of care-giving in the home. Successful welfare reform will depend on addressing these concerns as well as a whole range of such related issues as pay equity, affordable housing, and the access to health care.

We believe that people are more important than the sum of their economic activities. Successful welfare reform demands more than economic incentives and disincentives. It depends on overcoming both biased assumptions about race, gender and class that feed hostile social stereotypes about people living in poverty and suspicions that people with perspectives other than our own are either indifferent or insincere. Successful welfare reform will depend ultimately upon finding not only a common ground of policies, but a common spirit about the need to pursue them for all. The following principles neither exhaust our concerns nor resolve all issues raised. The principles will serve nonetheless as our guide in assessing proposed legislation in the coming national welfare debate. We hope they may also serve as a rallying point for a common effort with others throughout the nation.

An acceptable welfare program must result in lifting people out of poverty, not merely in reducing welfare rolls. To achieve this we believe Welfare Reform must...

Provide adequate benefits. The federal government should define minimum benefit levels of programs serving low income people below which states will not be permitted to fall. These benefits must be adequate to provide a decent standard of living.

Create family-sustaining jobs. Welfare reform efforts designed to move people into the work force must create jobs that pay a livable wage and do not displace present workers. Programs should eliminate barriers to employment and provide training and education necessary for inexperienced and young workers to get and hold jobs. Such programs must provide child care, transportation, and other ancillary services that will make participation both possible and reasonable. If the government becomes the employer-of-last-resort, the jobs provided must pay a family-sustaining wage.

Remove disincentives to work. Disincentives to work should be removed by allowing welfare recipients to retain a larger portion of wage earnings and assets before losing cash, housing, health, child-care or other benefits.

Increase flexibility. Work-based programs must not impose arbitrary time limits. If mandated, limits must not be imposed without availability of viable jobs at a family-sustaining wage. Even then, some benefits recipients cannot work or should not be required to work. Exemptions should be offered for people with serious physical or mental illness, disabling conditions, responsibilities as caregivers for incapacitated family members, and for those primary caregivers who have responsibility for young children.

Provide simplification and "one-stop shopping" for benefits. Welfare reform should result in a program that brings together and simplifies the many efforts of federal, state and municipal governments to assist persons and families in need. "One-stop-shopping centers" should provide information, counselling, and legal assistance regarding such issues as child support, job training and placement, medical care, affordable housing, food programs and education.

Exclude no Child. Welfare reform should acknowledge the responsibility of both government and parents in seeking the well-being of children. No child should be excluded from receiving benefits available to other siblings because of having been born while the mother was on welfare. No child should be completely removed from the safety net because of a parent's failure to fulfill agreements with the government. Increased efforts should also be made to collect a proper level of child support assistance from non-custodial parents.

Be adequately funded. Programs designed to replace current welfare programs must be adequately funded. It must be recognized and accepted that these programs will cost more in the short-term than the present Aid to Families with Dependent Children Program. However, if welfare reform programs are successfully implemented, they will cost less as the number of families in need of assistance diminishes over the long term. In financing this effort, funding should not be taken from other programs that successfully serve poor people.

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2. Welfare Reform: A Need For More Than Campaign Rhetoric

The current system of public support in this nation is one that not only fails to provide adequate support to those who are without any other form of income but it creates a powerfully divisive force in this society that is struggling in a period of great transition. But the problem is compounded by the current wave of welfare bashing. The two major parties are engaged in a game of "who will cut the deepest", not wanting to be seen as supporting "lazy individuals" who corrupt traditional "family values". This broad spectrum approach is damaging. While there are problems with the current system of public support, the persons receiving support are not a group of moral degenerates working collectively to bankrupt the nation.

The current system could be replaced using the following *principles*:

- Insure that all families with children have access to adequate income (above the established poverty line) -when they need it;
- Extend federal income support to individuals without children who do not qualify for existing programs such as SSI or Social Security;
- Guarantee medical coverage and childcare to all, not only to those who can afford it;
- Allow families to lead dignified lives, not stigmatized lives;
- Provide income and not directives on the "desired" behavior of individuals;
- Make a wide range of education and training activities that lead to decent paying jobs available to families;
- Provide jobs for those able to work. There should be incentives leading to the creation of an adequate number of jobs with adequate pay and benefits.
- Full employment must become a national priority.

These broadly stated principles could easily be worked into either the existing law, the Family Support Act of 1988, or into the framework of true welfare reform. These principles are based upon the predominant cultural traditions of the United States -the Judeo-Christian values espoused in political campaigns and school board meetings. These principles offer an attempt to create a reform that will revitalize many families and individuals through the vehicle of self worth and dignity.

9/22/94

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**TESTIMONY OF JAMES M. LAFFERTY
SUPERVISING ATTORNEY, COMMUNITY LEGAL SERVICES, INC.
PHILADELPHIA, PA**

**Subcommittee on Human Resources
House Ways and Means Committee
January 27, 1995**

I am a supervising attorney at Community Legal Services, Inc., in Philadelphia, Pa., where I concentrate in the representation of clients in their problems concerning public benefit matters, especially eligibility for Supplemental Security Income ("SSI") from the Social Security Administration ("SSA"). I make this statement on behalf of our numerous clients who are applicants for, and recipients of, SSI benefits, and on behalf of Action Alliance of Senior Citizens of Greater Philadelphia, an advocacy group for the rights of older persons in the Philadelphia area.

The Personal Responsibility Act ("PRA"), among other things, would make drastic cuts in the Supplemental Security Income (SSI) program for elderly and disabled persons who are poor. These individuals are among the most vulnerable in our society and can least afford the reduction or elimination of their SSI benefits. Any reduction in SSI benefits would have a catastrophic impact on our clients' lives. Our clients depend on their SSI checks to pay for their basic living expenses, including food, shelter, and clothing. Any cuts in the relatively modest amounts of their SSI checks would mean the literal loss of their homes and other basic needs. Among the changes which the PRA would make would be to eliminate the entitlement status of SSI and impose a spending cap on SSI. For the reasons given herein, we strongly oppose these proposed cuts.

I. Overview of the SSI program.

SSI, administered by SSA, is a federal program providing cash assistance to low-income persons who are age 65 or older, blind, or disabled, and who meet strict income and resource requirements. SSI was established in the early 1970s to establish uniform national standards and to replace individual state programs which had provided disparate assistance to aged, blind, and disabled persons.

Nationally, in 1994, about 6 million elderly, blind, and disabled poor people received SSI. Of these, about 35% were age 65 or older, 52% were blind or disabled adults under age 65, and 13% were blind or disabled children. In Pennsylvania, about 245,000 persons received SSI in 1994, including about 43,000 people who were age 65 or older, 2,800 people who were blind, and 199,000 people who were disabled. In 1993, about 27,000 residents of Pennsylvania were awarded SSI benefits for the first time.

In 1995, the maximum federal SSI benefit is \$458 for an individual and \$687 for an eligible couple. Even with these benefits, SSI beneficiaries still live at an income below the poverty level. Although the SSI program was originally intended to reach the poverty line, SSI payments have never risen to that level. The current benefit level represents only 75% of the poverty line for an individual and 90% for a couple.

The SSI benefit amount is reduced by other income received by the recipient. In June 1994, the national average monthly SSI amount was \$321.42, which is less than the full benefit rate. In

Pennsylvania, the average SSI benefit amount was \$338.51. Almost one-half of all SSI beneficiaries, about 48%, receive income from other sources, including Social Security benefits, averaging \$320 per month. These persons are eligible to receive sufficient benefits in SSI to bring them up to the SSI federal benefit rate. About 2.4 million persons, almost 40% of all SSI recipients, receive Social Security benefits in addition to their reduced SSI checks. In Pennsylvania, over 69% of the recipients age 65 or older receive Social Security benefits, meaning that they receive only a partial SSI check each month.

Women and older persons are especially helped by the SSI program. Overall, women comprise nearly 60% of all SSI recipients and 73.8% of recipients age 65 or older. Many of the women who are SSI beneficiaries spent much of their lives raising children and/or laboring at jobs such as domestic work where the employers did not withhold Social Security taxes. In addition, many women are the widows of men who had relatively low earnings when they were living and thus their widows qualify for only very low amounts of Social Security widows' benefits. They therefore depend heavily on SSI benefits to maintain a subsistence level of income. In addition, 79% of all aged SSI recipients are age 70 or older, 54% are age 75 or older, and 35% are age 80 or older.

II. Effects of the Proposed Cuts in the SSI Program.

Under current law, every person who meets the eligibility criteria for SSI is entitled to receive monthly SSI checks. The federal government is required to provide the funds so that every eligible person receives the amount of SSI to which they are entitled.

If a federal spending cap is imposed and the entitlement status ends, eligible individuals no longer would have a right to receive SSI benefits. Each year, Congress would appropriate a set amount of money and SSI would become a "discretionary" program. When the appropriate funds are exhausted each year, no benefits would be available to otherwise eligible elderly and disabled poor people.

We anticipate that these cuts would have a devastating impact on SSI applicants and beneficiaries. For example, SSA would not take applications from eligible individuals once funds were exhausted. In addition, eligible elderly and disabled persons would be placed on waiting lists. Benefits to current recipients of SSI could be reduced, and cost-of-living adjustments could be reduced or eliminated. Ultimately, more persons would become homeless or would remain in institutions due to the loss or unavailability of SSI benefits.

For all of these reasons, we vigorously oppose any proposal which would end the entitlement status of the SSI program. Too many elderly and disabled poor persons would suffer tremendously from such cuts in this important program.

Thank you for the opportunity to present this written statement concerning the SSI program.

**TESTIMONY OF JONATHAN M. STEIN
COMMUNITY LEGAL SERVICES, INC.**

Thank you Chairman Shaw and Members of the Subcommittee. My name is Jonathan M. Stein and I am General Counsel at Community Legal Services, Inc. in Philadelphia. Our office brought the Zebley national class action case that put the children's SSI program back on the right track after almost 20 years of denials of SSI to 600,000 children-- denials a very conservative Supreme Court in 1990 found in violation of the Social Security Act because Social Security was not providing fair and realistic evaluations of childhood disability as they had been doing for adult disabilities.

Since the Rhenquist Court's 7-2 decision, our office has been deeply immersed in the monitoring of the SSI childhood disability program. We maintain and staff a toll free "800" number to answer questions from parents and others who have questions about the childhood SSI program or their cases in particular. We also have participated in the national Children's SSI Campaign, along with the Bazelon Center for Mental Health Law, the San Francisco Youth Law Center and Rural Legal Services of Tennessee. The purpose of this privately funded campaign,¹ complementing congressionally and court mandated national outreach campaigns, was to publicize the change in the program and encourage eligible families to apply. We are proud that our joint efforts have played a part in increasing new childhood SSI applications resulting in about 850,000 children receiving SSI benefits. With 1 to 1.5 million children estimated eligible, the program is still not reaching many disabled children.

We would estimate that through our hotline and outreach activities we have been in contact with 10,000 children and families alleging disabilities. Many of these children were unjustly turned down for SSI benefits (and the accompanying Medicaid) and have had their cases readjudicated. Ironically the impairments that led to their death were deemed not sufficiently severe to justify an award of SSI!

My colleague and Zebley national class co-counsel, Richard Weishaup, spoke at your October 14, 1993 Subcommittee hearing of the 1990-1993 successful implementation history. At that hearing, in particular, you heard that about 135,000 children were added to SSI solely on the basis of readjudications of old denials, 1980-1990. This was a one-time phenomenon, which explains over 25% of the growth of those on children's SSI. (Note that about 145,000 readjudicated claims were also denied from this prior period.²) Also, significantly, in light of your hearing notice then asking for testimony on unconfirmed reports of alleged abuse in the program, you did not hear of even one case of a healthy or normal child improperly receiving SSI.

The SSI childhood program is now being criticized for succeeding: doing justice to illegally denied children, conducting an effective outreach campaign and making the program more available to working poor, blue collar and lower middle income families. One can, I suppose take issue with these objectives but, opponents should at least acknowledge why the program has grown, and why the rate of growth is likely to taper off, given the one time nature of these factors. To do otherwise is to engage in the basest form of demagoguery at the expense of children with disabilities.

The SSI child disability program has been an extraordinary success which this Congress should be proud of. Consider the Ohio teenager, Nathan Guyer, with severe Attention Deficit Disorder,

¹ The Campaign has been funded by the Robert Wood Johnson Foundation, The Nathan Cummings Foundation, The Annie E. Casey Foundation and the Pew Charitable Trusts.

² Source: SSA Zebley Court Quarterly Summary Report, December 8, 1993.

seizures, and various learning disabilities, who could not read or write, and was functioning at a first grade level. He was deemed "uneducable" by a special education teacher, denied books and told by teachers that he was never going to be able to read. When he developed a plan for his suicide he was hospitalized for 2 weeks.

With the SSI, Nathan's mother enrolled him in a special school for learning disabled children and those with Attention Deficit Disorder, and in a short time he excitedly told his mother, "Mother, I'm a learning machine." He can now read at his age level, and plans to be a scientist to "save the rainforests." He had earlier aspired to a lawn care job because he thought it was a way to make a living without being able to read. Nathan is beginning to write a book, "The Gift of Understanding," to help "other kids to understand ADD" and in his mother's words, "understand that they are not alone."

Every program, public or private is occasionally subjected to criticism by people who allegedly know a neighbor who gets benefits and doesn't deserve them. The problem with these facts is that they are irrefutable in their anonymity. No one is naive enough to think that an agency as large as Social Security does not make occasional mistakes but they try very hard to rectify any mistakes that are made.

The problem is that it is impossible to deal with the "undeserving neighbor" story when no one will put an identity to this mythical ripoff artist. Like the story of alligators in the sewers of New York, some people desperately want to believe they are there and no lack of evidence can every persuade people to alter their belief. (Who after all really goes looking for them?) Congress should not be making policy, including taking such radical steps as eliminating cash grants for 850,000 children, based on a few "undeserving neighbor" stories.

Low income children with disabilities, are among the neediest of all Americans, as your Ways and Means House Committee said in 1972 in recommending passage of this provision of the SSI program. They need support for basic necessities of life and a plethora of special needs, ranging from sophisticated, expensive child care and special schooling to special diets, medical services and equipment that is not covered by Medicaid or private insurance. Rather than micromanage the lives of three quarters of a million families, we afford these families a modest allowance, (averaging \$412 per month -- considerably less than the poverty level) and we expect them to do what is best for their children. We know that the vast majority of American families who receive this aid do just that. Theirs is the story that should be told.

While Congress in 1972 did not write detailed regulations, a job better left to experts in the field, you did mandate that children be treated fairly, by looking at how they function overall just as adults were evaluated. The system that Social Security eventually devised, however, missed the mark and required that kids, unlike adults, had to meet one of 57 listed impairments. (In the adult program these listed impairments are merely starting points for the inquiry, a shortcut to award benefits for the easiest and most severe cases.) If a child's impairment was not on the list (as thousands were not), they were denied benefits. This was too much for seven Justices of the Supreme Court, including three conservative Reagan nominees, Justices Scalia, Kennedy and O'Connor. Indeed, even the dissent argued that injustices were clearly being done to children--they disagreed only as to how to remedy the situation.

Once the case was decided it was sent back to the federal district court, where a judge ultimately approved an order to revisit the denial of 453,000 children's cases denied since 1980. SSA then attempted to notify these children and readjudicated cases of children who responded to notices, only this time looking at the

whole picture, not just at some circumscribed list of medical pigeon holes. Not surprisingly, they found that thousands of children with AIDS, Down Syndrome, cerebral palsy and cystic fibrosis had been erroneously turned down; several thousand, SSA also found, had died from their "non-disabling" impairments. All of these children awarded benefits were seriously impaired.

If anything, in the period after 1990, SSA was extremely cautious and erred on the side of denying benefits. Indeed SSA's Quality Assurance program revealed unprecedented, high error rates in denied cases for most of the post-Zebley implementation period, error rates not appearing in allowed cases.

Under the new Zebley regulations, over 800,000 child claimants have been denied. This is a program that knows how to and does say no to children with minimal problems.

Eight hundred thousand disabled children on SSI now in a country of almost 300 million hardly suggests a program out of control.

With some very radical proposals being put forward by some to eliminate the SSI cash grant program for families with disabled children, we are very concerned about the misinformation and myths afoot upon which these proposals appear to be based. We wish to answer them here:

MYTH #1: Families with disabled children
don't need supplementary income;
they only need medical care and
health related service.

SSI has a stringent financial means test (e.g. with a \$2,000 maximum asset or resource limitation) so that only low income families can qualify. Parents seeking SSI generally have very real financial needs, many not strictly medical, with representative examples listed below. Studies have shown that the presence of a disabled child in the house often leads to a wage earning parent having to give up employment to stay at home caring for the child, substantially reducing income for the entire family, including the disabled child. The average \$412 a month grant, although of significant benefit to the needy child, rarely lifts the family out of poverty. The grant is essential to provide an adequate level of necessities of life, i.e. food, clothing and shelter, as well as the child's extraordinary daily expenses or disability related expenses.

Those who would abolish the SSI grant have little idea of how vitally important SSI cash grants are to hundreds of thousands of families. For them, SSI covers the cost of:

- . Over-the-counter nutritional supplements for a teenager with a degenerative neuromuscular disorder that makes it difficult for him to eat enough to maintain a healthy weight.
- . The day care given for a very young grandchild whose medical condition requires 24 hour a day supervision, but both of whose parents must work to support the family.
- . A membership in the YMCA for child with a disability so that he can have some fun and a positive social experience.
- . A special computer for a ten year old girl with cerebral palsy who cannot speak, enabling her to communicate not only her basic needs, but also her thoughts and ideas with her friends and family.

Three-digit monthly electric bills for a family whose child can breathe only with the help of a respirator 24 hours a day. The family also used its SSI check to pay for a back-up generator that must be ready to kick-in if the electricity fails.

Water bills for above average bathing and laundry usage.

Weekly supplies of adult diapers so that a child who is incontinent can attend school.

A behavioral aide to enable a child with serious emotional challenges to take part in an after school recreation program with her friends, an option she could not access without assistance.

Fees for specially trained child care providers (respite care) so that the parents can see a movie and leave their child with mental retardation at home in competent hands.

Monthly payments for a used van with a wheelchair lift so that a rural mother can drive her child three times a week to physical therapy sessions at a clinic 45 miles away.

Tutoring services to assist a child with a disability who is having difficulties in school.

Additional family support services such as counseling for a family stressed by a child with serious emotional or physical challenges.

Telephone calls to medical providers, pharmacists, social service providers and schools.

Public or private transportation costs for numerous trips (often long distances in rural areas) to obtain medical treatment and services.

Adapted clothing (e.g. replace buttons with velcro fasteners, specially fitted shoes, modify openings or specially designed clothing for persons with limited movement).

Clothing, laundry and household cleaning supplies (e.g. children who require frequent clothing changes or whose disability requires more frequent household cleaning).

Specially equipped vehicles to transport children who use wheelchairs.

Home repairs (e.g. special safety equipment such as protective coverings for kitchen appliances, extraordinary wear-and-tear from wheelchairs).

Home modifications/adaptations including environmental control equipment (e.g. widen doorways, change doorknobs to levers, add ramps, modify controls and switches, install bathroom railings and special bathing and toileting equipment).

Personal assistance services (including wages and taxes).

Services and repairs for assistive technology (e.g. wheelchairs, prosthetics, hearing aids).

Adapted toys and learning materials (e.g. special tricycle for a child with a physical disability).

- . Assistive technology for school homework (e.g. computers with voice output, touch screen or modified keyboard).
- . Special telecommunication services/devices (e.g. TTY).
- . Co-payments and deductibles for routine medical visits, specialty consultations, medication, biological products, physical/speech/occupational therapy, orthotic devices and wheelchairs customized for children not covered by Medicaid, private insurance or school districts.
- . Over-the-counter items not customarily paid for by public or private insurance such as creams for skin conditions, diapers for older children, wigs, special formulas/items for managed diets.

The list could go on. Every family makes a different decision based on what they need in order to keep their child at home. The abolition of cash grants, or alternatives proposed like block granted services or vouchers would mean that the variety of essential non-medical needs of these children would go addressed.

MYTH #2: Children with minor behavioral and other problems can now get SSI disability. It is too easy to qualify for SSI children's disability benefits.

Children with minor problems cannot qualify for SSI. Indeed, the new rules have added an evaluation step to screen out children with non-severe impairments, with only "minimal" or "slight" impacts on functioning, very early in the assessment process. The new rules only permit children to qualify who have severe mental or physical impairments having "substantial" adverse impacts on age appropriate activities. See 20 C.F.R. Section 416.924a.

Since the new rules took effect in Feb. 1991, half the children claiming SSI have been denied, with denials nationally totalling over 800,000 to date. Since that time allowance rates have sharply fallen, so that today 2 of every 3 children applying for SSI are denied. The system does work to keep out children with minor problems.

SSA's three sets of Quality Assurance reviews (at the state, Regional and Headquarters levels) of allowances to children have shown a very low error rate, one comparable or lower than that of adult decisional error rates.

Finally, there is a discernable bias among a number of people who think that children with various serious behavioral disorders are simply "bad" kids with nothing medically wrong with them. This bias is quite real, and needs to be addressed with education about the medical origins of behavioral disorders.

MYTH #3: The children's SSI program is out of control as shown by the rapid growth of the program.

A number of understandable factors explain why more children are receiving SSI now:

The GAO has found that 70% of the increase was not due to Zebley but due to children with the severest mental disorders meeting the Listings of Impairments, revised in 1990 upon congressional mandate;

Intensified, unprecedented governmental and foundation-funded national outreach campaigns to reach families and professionals serving them;

The Zebley court-ordered re-adjudication of over 453,000 past denials (of which about 135,000 have been found to have been wrongfully denied);

With the recession in the early 90's, more children were in poverty and thus income eligible for the program;

And the new Zebley rules, which are for the first time fairly evaluating seriously impaired children.

Major decreases in allowance rates now indicate major declines in growth.

The program's total enrollment of some 850,000 children better reflects the eligible disabled child population. In 1989 it was estimated by the Bazelon Center for Mental Health Law that there were 1 to 1.5 million children eligible for SSI.³

MYTH #4: Parents are "coaching" children to fake disability. Parents are abusing the system to enrich themselves.

The only thorough investigation of this allegation has been a detailed look in May 1994 at 617 child behavior disorder cases by SSA which did not find one case of alleged "coaching" resulting in a SSI allowance. "Possible coaching" was present in but 13 of the 617 with none of the 13 leading to an improper allowance.

Zebley counsel, who through an "800" number talk to thousands of parents around the nation, have not seen any corroborated instances of successful chicanery. Advising poorly educated parents about the SSI program's rules is not improper "coaching," but appears to be described as such by some hostile to the program. This "myth" assumes that it is easy to dupe trained disability examiners. Disability adjudicators look to multiple sources, not any one person, to establish eligibility. By obtaining evidence from physicians, psychiatrists, psychologists, social workers, teachers, therapists, and guidance counselors, and lay people, including SSA's own doctors, SSA's rules provide safeguards to prevent this from occurring.

Examiners look to evidence over a long period of time, further minimizing the impact of one test or one day's behavior. Further, those doing testing like psychologists, are trained to detect feigned symptoms. Recently SSA has established a special "800" number for people to report anonymously alleged coaching.

MYTH #5: Retroactive and ongoing awards are being misspent by parents, and not used for the child's benefit.

Here again, after speaking to great numbers of parents who have received large lump sum awards, we do not see a pattern of abuse. Parents are spending the monies on the material and medical needs of the child. Indeed, they are legally required to tell SSA how they spent the money.

³National Health Interview Survey data of children meeting SSI's criteria confirm this estimate. (See Issue Brief, No. 661 of Nat'l Health Policy Forum, Jan. 1995). Other data suggest the number might be considerably higher. See Cedarbaum, "Policies for Children With Disabilities, Connecticut, Virginia and Some National Trends," pp. 8-9 (Draft working paper for Disability Policy Panel of National Academy of Social Insurance, Jan. 1995).

There are non-SSI people who, in the 1991-1993 period, observed SSI parents, with little income, spending monies of large amounts in a short period of time. But this is understandable as the one-time, retroactive grants averaged \$10-15,000 and federal law almost compels spending in 6 months. Under a very inequitable provision in the law (and not anticipating Zebley awards), 6 months after a lump sum is received, anything remaining is counted as a "resource" to disqualify future receipt of any SSI. Since the qualifying maximum allowable resource amount is only \$2,000, federal law unfortunately gives parents an incentive to spend down within 6 months.

Rather than blaming parents, we should be seeking to amend the 6 month provision, to allow the money to be set aside for the child's future needs. Now, only a legally complicated trust, requiring an attorney, can be used to safeguard the money for the future instead of an easily established, specially designated bank account.

If any parent is in fact abusing their duty to spend monies for the child, SSA will remove the parent as a "representative payee" for the child and find another responsible agent. (About 10-15% of rep. payees are not parents.) This remedy can be utilized to address any such problems in individual cases.

Looking ahead, we wish to present a more detailed and constructive agenda of needed SSI child disability reforms arising from the national experience with Zebley, the implementation of new standards, and the income/resource reforms affecting children set out in the agency's SSI Modernization Report under Commissioner Gwen King. Below is our **Agenda for SSI Childhood Disability Reforms**.

1. **Safeguarding Disabled Child's Future Needs--
Modifying the 6 month Resource Rule**

Everyone agrees that the resource rule requiring expenditure of SSI lump sums down to the current \$2,000 resource limit discourages parents from careful planning for a child's future needs. Back awards must be spent down to the \$2,000 resource limit within 6 months, regardless of the size of the award. Current statutory and regulatory provisions for preserving back awards are inadequate: trusts are complicated, costly, tricky to administer and require lawyers; PASS's (Plans to Achieve Self-Support) are too rigid and limited by statute to 4 years; burial reserves have little relevance for children.

We propose a number of reforms:

- a. increasing the resource limit to a more realistic level;
- b. afford those with large back awards additional time to reach the resource limit;
- c. allow recipients to set up earmarked bank accounts for special purposes (such as education, training, or adopting a home) without having to set up a complicated trust.

These reforms, along with better guidance from the Social Security Administration would significantly improve the program in a way that fosters responsible financial planning.

2. **Ameliorate the PASS Policies**

A Plan for Achieving Self Support (PASS) is an SSI work-incentive, to set aside either income or resources to fund a plan to achieve self-support. Nationally, there have been less than a half-dozen PASS's established for SSI children! The PASS provision of the law needs reformation if it is to serve the needs of

children.

PASS policy needs reformation so it does not have an arbitrary 48 month limit that effectively excludes the younger disabled person, who will still be a minor at the end of the four year period, and to encompass more flexibility in what services and education can be contained within it. Especially if a time limit for the plan is to be enforced, that time limit should not begin to run until the child's 18th birthday.

3. Disability Service Coordination Needed

Many poor parents of SSI children, and even medical and social service professionals serving them, are not aware of medical and social services, not provided by SSA, that may be available for their children and which also may not be provided under Medicaid. To respond to this pressing need and to uncorroborated criticism that some parents may need professional advice on how to spend their SSI monies, especially initial lump sum payments, there needs to be a social service component or referral component in the SSI program. Since SSA will not likely wish to take on direct provision of services, SSA should make regular referrals to non-profit groups of parents of disabled children and to relevant state and local social service agencies such as Title V programs for Children with Special Needs and Part H Early Intervention programs specializing in services to disabled children. Legislation should be enacted to require these referrals and to provide support for such state and local agencies.

4. Address Needs of School Teachers and School Psychologists

There is some resentment and misinformation in the educational community about the SSI program arising from the new emphasis on gathering evidence from a child's school. (School personnel often do not realize that the child may indeed be denied later, but the information must nevertheless be obtained to complete a fair evaluation.) Legislation or administrative reforms are needed to pay schools for this "functional" evidence, just like SSA pays doctors for relevant medical evidence. SSA should also offer teachers and school psychologists aids like direct telephone dictation of reports to the state disability agency, just as they do to doctors. And, SSA needs to do much more "educating of the educators" into the workings and value of these SSI programs.

5. Improvement in State Disability Determination Agencies

a. Specialization: There is no incentive for specialization in childhood disability case evaluations in state disability agencies despite the great complexity and uniqueness of both the Childhood Listings of Impairments and the new Zebley Individualized Functional Assessment rules. A few states specialize with generally good results. Accessing relevant evidence for children and evaluating often multiple-source evidence requires great skill. SSA headquarters has specialization, i.e. a Children's Disability Branch at OD, established when the Zebley Supreme Court decision was handed down. But SSA should be required to collect and synthesize the ad hoc experiences of specialization in these state agencies that do so, and then to require it if deemed appropriate. Congress may wish to mandate specialization now or to require SSA to do more to encourage the practice.

b. Advisory Committee: State disability agencies need to interact with a considerable number of professional disciplines to achieve high quality childhood disability evaluations. Yet with two exceptions (Pennsylvania and Massachusetts) there are no Advisory Committees to state agencies to provide input and consultation from pediatricians, child psychologists, educators, social workers, child disability groups, etc. Establishing State Advisory Committees is a low cost means to improve quality and communication, and respond to criticism and suggestions from the public

6. Income/Resource Deeming Rules Reforms

The SSI Modernization Report prepared under former SSA Commissioner Gwen King and many others have pointed to inequities in the SSI program that penalize families trying to do their best with very limited means. Needed reforms are:

a. Modify the rules for deeming family resources to the disabled child to recognize the need of other children in the family.

The SSI Modernization Report recommended a change in the resource deeming rules to permit a \$2,000 resource allocation for each additional child in the family. The current limits on allowable resources do not consider the overall size of the family. This is in contrast to the income deeming rules which permit the family to allocate a portion of their income for each child in the household.

This current, arbitrary limit on allowable resources means the family with several children cannot save for the education, emergencies or numerous other needs of the family without endangering the SSI of the disabled child.

b. Disregard special expenses for child care of a child with a disability.

The Modernization Report recommended disregard of the portion of family income used to pay for special expenses related to a child's disability--many of which are not offset by SSI. These can include the purchase and installation of adaptive equipment that makes the home accessible, specialized transportation, and child care. (One mother told the Modernization Panel, she spent \$157/month for disposable diapers for her 13 year old.)

c. Change the way certain unearned income intended to substitute for earnings is treated.

SSI parental deeming rules treat "earned" income from employment much more favorably than "unearned" income like veteran's benefits or Unemployment Insurance. SSA counts a much higher proportion of the latter as "available" to the child, essentially reducing SSI dollar for dollar. This inequity is felt most severely when the wage-earner parent of the SSI disabled child loses his or her job, or gets injured. In the midst of the wage loss and financial crisis, the family usually sees a reduction in the child's SSI in some cases, complete ineligibility, just when the program is needed the most. If direct wage replacement programs such as Unemployment and Worker's Compensation were considered "earned" income, this problem would be solved. The Modernization Report recommended a change, as did Representative Pete Stark in H.R. 3009 (introduced Aug. 6, 1993).

7. Assure All SSI Children Have Medicaid Protection.

Since access to regular health care is so important to an individual with a disability, the SSI Modernization Report recommended that all SSI recipients, adults and children, be automatically eligible for Medicaid regardless of the state in which they live.

In 31 states and the District of Columbia, an individual who is eligible for SSI benefits is automatically enrolled in Medicaid. In seven states, SSI-eligible individuals are automatically eligible for Medicaid, but must fill out a separate application: Alaska, Idaho, Kansas, New Hampshire, Nevada and Utah. Studies indicate that the need to file a separate application represents a barrier to children obtaining health benefits.

Twelve states, representing approximately 20% of SSI children, have established separate, and more restrictive, income, resources

and/or disability criteria that were in effect in these states on January 1, 1972. These "209(b)" states are Connecticut, Hawaii, Illinois, Minnesota, Missouri, New Hampshire, North Carolina, North Dakota, Ohio, Oklahoma and Virginia. SSI disabled children in these states should receive Medicaid.

8. Protect Medicaid During Months
When Parents Are "Over-Income."

The Modernization Report's recommendations would consider or "deem" an individual eligible for SSI for purpose of retaining Medicaid coverage in months when a parent's five weekly (or three bi-weekly) paychecks resulted in temporary suspension of cash eligibility as being "over-income." Currently, when the child is ineligible for SSI for a month because the parent earned too much, the child also can lose Medicaid coverage for the month.

* * *

Thank you Mr. Shaw and Members for this opportunity to testify and your continuing commitment to better the lives of disabled children.

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Why Must Congress Pick On Disabled Kids?

To the Editor:

I was horrified to read that Republicans are drafting a bill to switch cash grants of up to \$445 a month for children with chronic illnesses and disabilities to a less flexible medical voucher system (front page, Dec. 29). So many expenses in raising children with disabilities cannot be categorized as medical. The bill's sponsors, including Newt Gingrich, have a myopic view of cost control without caring about ramifications.

These parents concerned enough to care for their disabled children at home deserve some financial support as an alternative to more expensive institutionalization.

Why don't these politicians pick on someone their own size? Like grown, able-bodied, working men who dodge child-support payments. It is the responsibility of strong, able-bodied adults like us to see that the disabled and their families are protected.

MARGERY B. ROYENBERG
Monsey, N.Y., Dec. 29, 1990

The writer is on the board of Rockland Independent Living Center.

Choice of Cruelties

To the Editor:

Who is more cruel, the Republicans in Congress who want to cut off Supplemental Security Income payments to severely disabled children

in low-income families, or the anonymous Democratic Administration officials who want to change the program if it helps these children become productive working members of society (front page, Dec. 29)?

Supplemental Security Income payments go only to low-income families, particularly with a breadwinner who works at low wages. These families struggle to care for a child with a severe disability, who requires constant care and expenditures beyond the family's means.

Here we have true family values and the work ethic personified, yet these families will be punished by cutting off Supplemental Security Income for children. These are not the rich who will benefit from the billions in the Republican proposal to reduce the tax on capital gains.

The Democratic suggestion to change the Supplemental Security Income children's program to help these children enter the work force is a cruel joke. To be eligible for the program a child must be so disabled as probably to be unable to work. Children on Supplemental Security Income are unlikely to enter the work force, though many may work in sheltered workshops.

Education and vocational training are already available through special rehabilitation programs. What these children and their families

need is the cash assistance to let the family maintain the child at home and avoid institutionalization, which costs 10 times the grant of Supplemental Security Income and guarantees for the child a lifetime of dependency.

HERBERT BERNELL

Los Angeles, Dec. 29, 1990

The writer is a public interest lawyer specializing in benefit programs.

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October 31, 1994

Roone Arlidge
President
ABC-TV News
47 West 66 Street
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RE: Primetime Live and SSI Disabled
Children (October 13, 1994)

Dear Roone:

The recent Primetime segment, trashing the federal SSI low income, disabled children's program is a paradigm for why Primetime's ratings are in a downspin and why TV newsmagazine shows are dying on the vine, losing viewer interest and credibility.

The piece, by Jude Dratt and Chris Wallace, warmed over two year-old news and discredited allegations, and was replete with distortions and errors mirroring the worst of London tabloid journalism.

As a major source of background information for Dratt and staff, and one who has been a national source for policy makers, foundations and the media through a 10 year involvement in this children's program, I personally brought to the attention of Dratt and later Phyllis McGrady the segment's deficiencies in advance of airing. This did little to prevent a piece of shoddy and biased attempt at journalism.

To highlight some deficiencies:

1. Old News Warmed Over by Primetime

The anecdotal allegations of some ineligible children, primarily African-American, getting SSI child disability benefits appeared over two years ago, emanating from white school teachers and politicians in East Arkansas (a predominantly Black area of the state); they also came from a renegade bureaucrat from Harrisburg, Pa. who had her own personal criteria for who was a disabled child. The print media caught up with these allegations, reporting them in the Arkansas Democrat-Gazette and Washington Post (with no corroborating, objective sources I might add).

Dratt, familiar with these stories and quite critical of their veracity and bias, told me Primetime would never redo these stories again on the show. But that's exactly what ABC presented on October 13th, airing interviews with the same state Rep. Flanagan (D-Ark.), focusing on two Black Arkansas families, and repeatedly interviewing Nora Cooke Porter from Harrisburg. Nowhere did you interview or air those in Arkansas and Pennsylvania who have testified as to how biased and illfounded these sources proved to be.

If this SSI benefit program were so "astonishingly bad" and a "taxpayer scam," to use Wallace's tabloid rhetoric, then why could not a Primetime "investigation" find convincing evidence in the rest of the country, and not warm over the same sources and localities made public two years ago?

The fact is that the only "sham" here was a touted "Primetime three month investigation." There was no investigation to speak of and little work was done in much of the three months, with visits to the clips file appearing to substitute for a real journalistic inquiry.

You might be interested in knowing that the ABC-TV Nightline staff looked into there same uncorroborated allegations last Spring but rejected them as unconvincing, and unworthy of a national news program.

2. Chris Wallace's Gross Misrepresentations

- a. "...even normal children can qualify for benefits ..." (Wallace)

Nowhere does Wallace or Primetime find it relevant to quote the federal law and policies governing the program which require only "severe" mental or physical impairments to qualify, and only those children with documented medical problems having a substantial impact on the child's life and functioning. In the only one household in Arkansas scrutinized by Wallace, the program studiously avoided letting the viewer know what exactly were the Brown childrens' problems that made them eligible as if to avoid contradicting the tarring of the program as one serving "normal children."

If the program's main premise stated early by Wallace were true, i.e. "how easy it is to get on the receiving end" of SSI children's disability benefits, then how could Dratt, Wallace and Co. ignore the fact given to them earlier that in the three year period February 1991 - April 1994, under the new child disability rules, nationally, 757,000 children (about 50% of applicants) were denied SSI. In Arkansas, a greater percentage of children were denied, 21,000 (or 56%) in this period. If Wallace's unfounded premise were correct, why would 3/4 million applicant children be

denied in so short a period for not having a severe enough disability?

The promos to the program appearing in TV Guide quoted Wallace as saying "billions of dollars" were being misspent which, in a \$4-5 billion children's disability program, must mean that a majority of the children are ineligible or a majority of parents are misspending the money. Not only is there not a shred of evidence for this but neither of the two major federal investigations by G.A.O. or the HHS Inspector General have supported this misrepresentation -- facts blithely ignored by Primetime. Wallace's quoted statement never made it on the aired script, yet its pre-program publication aptly reflected the false, hyperbolic spin put out to attract viewers to a program that, when aired, could never substantiate the accuracy of its own prior promotions.

Primetime staff had a copy of the September '94 federal General Accounting Office (G.A.O.) report explaining the understandable increase in disabled children now receiving SSI, yet there is not one reference to it--normally a primary, objective source for ABC and the media speaking to the integrity of federal programs.

Nowhere did G.A.O. find that "normal children" could "easily" get SSI; indeed, it explained that the large majority of children were so severely disabled that they met the long-standing Listings of Impairments for those extremely impaired children (e.g. I.Q. under 70). The General Accounting Office investigation was instituted in response to the anecdotal stories in the Arkansas Gazette and the Post; Primetime went with the old, disreputable sources, with no reference to the G.A.O. report, and news magazine credibility to another dive.

- b. "normal children can qualify... sometimes after being coached by their parents" (Wallace)
 "Wallace discovers all you need is a child
 willing to tell a big fib."

Here Primetime's slipshod inquiry is most manifest. There has been only one thorough look at the incredible charge that "coaching" by parents can somehow fool multiple skeptical professionals, including M.D.'s and Ph.D.'s, independent of the family, into willy-nilly awarding SSI to "normal children". In a detailed scrutiny of 617 cases by SSI last May 1994, it was found that "malingering" was possible in but 13 of the 617 with none of the 13 leading to a child actually receiving SSI because of this possible fakery.

Yet Primetime, warming over an earlier Arkansas Gazette story, gave equal play to a questionable survey of some Arkansas teachers who believed SSI child claimants were coached. The latter survey did not even purport to look at whether alleged coaching actually

led to the Arkansas and federal doctors and psychologists being fooled into awarding SSI to even one normal child. (And with Arkansas's high rate of child denials of SSI, one can assume the coaching phantom has done little to spook the bureaucrats and doctors in Arkansas into opening the floodgates.)

So in the absence of what any senior editor at a major newspaper would do in scrutinizing documenting materials, your Primetime staff blithely equated a detailed, legitimate study refuting coaching with a pseudo-study that failed to turn up even one fraudulent award. And then Chief Correspondent Wallace chimes in to make his own totally unsupported indictment conclusion that "normal children" receive SSI "sometimes after being coached by their parents."

As your first step in investigating your own story, I hope you would ask your Chief Correspondent whether he read the May, 1994 SSA 617 case study, and the Arkansas teacher survey. (Many in Arkansas believe that teachers there, especially in East Arkansas are motivated by racism and hostility to a program largely serving poor African-American children there -- observations passed on to your Primetime staff, but apparently unexplored.)

c. SSI children "will stay on SSI for life" (Wallace)

The only truth in this statement is that when SSI disabled children die a young death, e.g. from cystic fibrosis, their SSI benefits also terminates with their young lives.

But Wallace did not appear to have these short-lived children in mind, when he made this erroneous indictment. Perhaps due to the brevity of the Dratt-Wallace "investigation," the team either did not know or chose not to report that Continuing Disability Reviews are mandated in the Social Security Act for all SSI children turning 18 (when they become adults). See Pub. L. No. 103-296, Sec. 207 ("Disability Review Required for SSI Recipients Who Are 18 Years of Age").

3. Misreliance on Nora Cooke Porter

Virtually the only other source used to supplement the anecdotes from Arkansas was Nora Cooke Porter, the pediatric consultant fired by the Pa. Bureau of Disability Determinations for having her own personal agenda for who she personally thought was disabled - an obvious problem for any government agency sworn to follow the law and to be fair and uniform toward all claimants.

It was this woman who on the air, said that families of disabled children "can buy a Mercedes" with SSI monies, and that "fewer than 30%" of children awarded benefits are in fact disabled. The latter indictment segued into Wallace's extraordinary leap of opinion that: "If [sic] Porter's estimates are anywhere near

accurate" then the program is a " massive taxpayer funded scam."

Given Porter's renegade history with the state disability agency, which was relayed to Ms. Dratt both by myself and by a headquarters spokesman at SSA, it is indeed surprising that no one at Primetime took the obvious step of at least checking in with her former employer in Harrisburg, Pa. to learn why she was terminated and perhaps learn what kinds of serious disabled children failed to meet the Porter test for benefits. These apparently included children meeting the most extreme criteria in the Mental Disorder Listings of Impairments. (This spurious track record may have cooled Nightline's interest in making this woman the centerfold of a story as Primetime recklessly did on Oct. 13.)

Porter's charge that "fewer than 30%" of children are eligible is one that not one other citizen, agency bureaucrat, reporter, or politician has ever made to our knowledge. This would mean that of the about 800,000 disabled children now on SSI, close to 600,000 are not disabled! Wallace's, "If [she's] anywhere near accurate" still translates to hundreds of thousands of ineligible children.

I challenge ABC and Primetime to corroborate this charge via any credible study or analysis. Surely before airing this libel against over a 1/2 million low income children a responsible news program would have investigated such an assertion to "corroborate it from other sources.

The ultimate media copout of giving qualified ownership to this lie was Wallace's, "If [sic] Porter's estimates are anywhere near accurate" then this is a "taxpayer scam." Isn't the purpose of a "three month investigation" and the job of such a veteran Chief Correspondent to ascertain the validity of such an assertion, and not to use the big "If" as a crutch to buttress the by now demagogic, media cliché of "taxpayer scam."

To date SSA has done Quality Assurance reviews of thousands of child disability allowances; the HHS Inspector General has completed an investigation; and the G.A.O. has done its major report. None of these give any credibility to Porter's "fewer than 30%" charge or her allegation of purchases of a Mercedes Benz with the \$450 a month SSI benefit (or the \$15,000 average lump sum retroactive payment). What's next, some crackpot ranting about welfare Cadillacs?

In over two years Cooke has yet find her SSI Mercedes Benz, nor did Primetime in its "three month investigation." But Primetime's journalism standards in this program did not include skepticism of the Big Lie but rather its naive embrace.

4. Primetime and Racism

Many people around the country I have spoken to were struck by the fact that the only "deserving" eligible child briefly aired in the beginning part of the show appeared white, and the only undeserving questionably eligible children were African-American from Arkansas. Your all white producer and correspondent staff then relied on, with one exception, an all white group of adults slamming the program, including one white school teacher whose obvious hostility was reflected in her statement that benefits received by the parents (largely African-American) in East Arkansas rivaled her own salary.

Others were struck by how Chris Wallace was able to so gleefully exploit an African-American mother's ignorance of the eligibility criteria of the program and her dependence on the program to meet the needs of her children. Did Wallace, on his most brief of bluejeaned forays into East Arkansas (was he there for 24 hrs., or 48 hrs.?), or did Jude Dratt, in East Arkansas a few days longer, ever take seriously the possibility made known to Dratt that the hostility to the program was rooted in bias toward poor African-American households in the Delta region of East Arkansas?

The phenomenon of large increases in Arkansas of applications and allowances (explained in the G.A.O. report and ignored by Primetime), was part of a national trend yet it is illuminating that the one locality Primetime seized on was an area where a continuing history of racial prejudice is manifest.

When you add to these lapses Porter's preposterous substitution of the non-existent, SSI Mercedes-Benz for the Welfare Queen Cadillac of the 80's, we have a composite of Primetime's contribution to racist beliefs that it is a Black underclass ripping off America (and compelling ABC's Chief Correspondents to don bluejeans to ferret out "taxpayer scams" in the Delta).

5. The Real Story--~~Not~~ for Primetime

What Primetime never considered news worthy was the unparalleled success of the SSI children's disability in changing and improving the lives of great numbers of poor, disabled children, giving them access to medical and rehabilitative services, saving lives, and ending or ameliorating childhood disabilities to allow children to lead productive lives as adults. The thousands of case histories are out there, but that is not what senior producers at Primetime considered newsworthy. A federal government program working to help poor families has never been deemed newsworthy at Primetime.

It is interesting in this regard that although Primetime staff spent hours filming the Dayton, Ohio family of Connie Guyer, and

her Attention Deficit Disorder son, Nathan, it chose not to use the family, or more importantly make the point that the Guyer case is the representative case history for the program. Here was a young teenager so depressed by his ADD, learning disabilities and seizures, and his teachers' opinions that he would never learn to read, that he planned suicide. After mental health treatment and beginning with the receipt of SSI, Nathan was able to attend a special, private school where he learned to read up to norm, write his autobiography to help other disabled children, and make plans to be a scientist "to save the tropical forests."

Although Mrs. Guyer was told by Dratt that her story was essential to giving a fair view of the program, the Guyer's were entirely cut from the show. Substituted, was a family with a child with mental retardation and severe cerebral palsy. Primetime obviously chose a token, poster child in the Jerry Lewis mold and found an obviously deserving child. But they passed up an opportunity to show the very concrete and dramatic turn-around impact of the SSI cash grant. Primetime also missed the opportunity to serve the public interest by educating a public (including perhaps a Nora Cooke Porter and Arkansas critics) who believe that ADD and other childhood mental disorders do not exist as disabilities, and therefore, that these are not eligible children to receive SSI (the "taxpayer scam," in Wallace-speak).

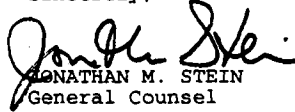
To have included the Guyers would have been to exercise responsible and sensitive judgment, as opposed to sentimental tokenism.

Without taking more time to detail other inaccuracies, let me ask you to conduct your own investigation of this Primetime program. I then would appreciate sitting down in person with you to discuss my comments. I also ask you to provide time on a future Primetime show to air the contents of this letter, as well as air time to present another viewpoint on this governmental program.

As you must know, Primetime chose not to air the views of any advocate or consumer/recipient organization, e.g. United Cerebral Palsy Association, The Arc (formerly Association of Retarded Citizens), Bazelon Center for Mental Health Law, or scores of

others. ABC has a public and ethical responsibility to the hundreds of thousands of eligible, disabled children and their families to be fair about this benefit program, and must now remedy the obvious lapses in the October 13th presentation.

Sincerely,


 JONATHAN M. STEIN
 General Counsel

JMS/dof

cc: Alan Wurtzel Senior Vice-President
 for News Magazines
 Phyllis McGrady, Executive Producer, Primetime
 Jude Dratt, Producer, ABC-News
 Chris Wallace, Chief Correspondent, Primetime
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November 3, 1994

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RE: "CRAZY CHECKS", PRIME TIME LIVE
OCTOBER 13, 1994

Dear Ms. Dratt, Mr. Kelley, Ms. Kallas, and Mr. Wallace:

We are disappointed that Prime Time Live missed an opportunity to discuss children's SSI benefits in a responsible, balanced manner. Instead, your story was a distortion and a misrepresentation of this vital program. By focusing entirely on the problems in Arkansas, you failed to show that SSI is a lifeline for many children with disabilities. These children rely on this program to help overcome their disabilities and that is the reason Congress enacted the program.

As a legal services program which provides legal representation to low-income families with disabled children, we are fully aware of the administrative problems with the children's SSI program. But overall, these problems do not occur to the extent that you portrayed. By limiting your investigation to problems in Arkansas, you completely ignored and negated the overwhelming positive outcomes and value of this program.

Your program simply reinforced myths about the children's SSI program.

1. Children are "faking" disabilities in order to get benefits. This is FALSE. A recent review published by the Social Security Administration revealed that there was possible coaching in only 2.1% of reviewed cases.
2. Children's SSI benefits are misspent. This is FALSE. Parents of disabled children know best the needs of their children and they struggle to provide for them.

3. The Zebley case makes it "easier" to be found disabled. This is FALSE. The Zebley case made the evaluation of children's disability more fair to children.
4. The Zebley case opened the "floodgates" of disability claims. This is FALSE. According to the General Accounting Office report, 70% of the children awarded benefits actually qualified without the changes mandated by Zebley.

You have a responsibility to portray issues accurately and honestly to your audience. There are thousands of deserving disabled children whose parents and guardians spend their public benefits wisely and who need their SSI grant to care for their children's disability.

We request that Prime Time Live air a follow-up report which provides an accurate, balanced portrayal of the children's SSI program. I am enclosing a position paper which details our specific objections to your story. I will call you next week to discuss this. Thank you, in advance, for your consideration of our request.

Sincerely,

		
Michele Sumara	Dan E. Buron	Kay Pechin
Staff Attorney	Paralegal	Staff Attorney

cc: Phyllis McGrady, Executive Producer
 Allan Wurtzel, Senior Vice President for News Magazines
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Response to "Crazy Checks" on Prime Time Live October 13, 1994

The myth that children successfully fake disabilities

Two of the three examples portrayed in "Crazy Checks" were alleged cases of children "faking" a disability. The majority of the show focused on an Arkansas resident, Ms. Trout, who receives six SSI checks for her children.

Is this balanced, honest journalism? If it is, you are implying that most children receiving SSI benefits probably are faking a disability. Even the Social Security Administration disagrees with that conclusion. A recent review of 617 childhood disability claims (including about an equal number of allowances and denials) by the Social Security Administration found that there was possible coaching or malingering in only 13 cases. Of those 13 cases, only 3 were granted benefits.¹ But the study cautions that the sample of cases is not representative of the SSI child population because it is a small sample, representing approximately 20% of the universe of childhood disability claims and it consists only of claims by children with diagnoses that are suspected to be faked most frequently. In other words, even of the diagnoses most suspected to be coached only about 1% should have been denied.

¹ Social Security Administration, Findings from the Study of Title XVI Childhood Disability Claims May 1994, p. ii.

That is a much different conclusion then one would get from "Crazy Checks."

To provide some balance, stories like the following could have been told. These experiences are typical of the children we represent who have been denied SSI.

M. was denied SSI. When we successfully represented him before an administrative law judge he was not yet two years old, but he had already suffered four life-threatening vaso-occlusive pain crises due to sickle cell anemia, each of which hospitalized him for a week or more. After the first week on morphine he could tolerate his mother's soft touch on his hot, painful legs. He is plagued with recurrent infections and must take daily antibiotic therapy at least until he is five.

L. was five when he was denied SSI. He was diagnosed with asthma at about three weeks of age. By the time of his hearing his condition had progressed to the point that his mother administered medication through an electric breathing machine four to six times a day, and he used an inhaler when he went to kindergarten for a few hours. Despite his mother's careful and diligent management, in only one year he had seven emergency room visits for exacerbation of his asthma. But the family's health maintenance organization only paid for a one way trip to the hospital; it was

often financially difficult to obtain cab fare from suburban Children's Hospital all the way back to the inner city of Milwaukee. L. can't blow out the candles on his birthday cake; ride a bike longer than five to ten minutes; play ball; or tolerate strong cooking odors. L.'s mother lies awake with him many nights administering an extra breathing treatment or repositioning a fan in his room to keep air moving.

Then there was four-year old R. who has a rare congenital skin disorder for which there is no treatment. She was denied SSI too. Contact with most surfaces causes R.'s skin to blister and make painful sores, some of which do not heal and form perpetual crusty lesions or residual sores that are easily infected. Her condition is worse in the summer when the heat causes spontaneous blistering. R. can't play strenuously and she must be protected from trauma, anything rubbing against her skin, and from infections carried by other children. Her feet are extensively involved and it has been a terrible burden financially for R.'s mother to supply her with soft, properly fitting shoes and soft, loose-fitting cotton clothing.

K. is a twelve-year old boy with a severe mood disorder and attention deficit hyperactivity disorder. He has had violent and fearful hallucinations, suffers frequent uncontrolled crying outbursts, is aggressive at school and at home to the point of

being a danger to others, is a poor problem solver, and is unable to respond appropriately to directions from teachers or his mother. Despite psychotherapy, daily medication, and a brief mental health inpatient stay, his condition had worsened and the schools seemed to give up on him. K.'s mother sought all possible sources of mental health assistance, as well as SSI, which had been denied.

As the facts from the lives of these four children illustrate, children who are eligible for SSI have severe mental or physical impairments with substantial impact on their development or ability to perform age-appropriate activities. That is the truth about SSI and the facts come from our work files. Our experience in Wisconsin is that no child can qualify for SSI because of minor problems, like mispronunciation or misbehavior. Even a child with a severe learning disability, but average intellectual ability, cannot qualify for SSI, although the child may qualify for special classroom services.

Successful faking is hard to do because the rules are stringent, disability examiners are experts, and the process involves "quality assurance" checks.

Children are eligible for SSI by one of two methods: (1) Listing: they present a medically-documented impairment with signs &

symptoms meeting or equaling the requirements specified, or "listed," by the Social Security Administration and are said to be per se disabled; (2) Comparable severity: state disability examiners perform an Individualized Functional Assessment (IFA) of child's age-appropriate activities in specified domains. Depending on the degree of disability, kids must have significant functional or developmental limitations in two to three domains, which make their impairments of "comparable severity" to that which would disable an adult.

However, you merely perpetuate the myth of children faking disabilities by your misrepresentation of the results of a survey done by the University of Arkansas in which local educators suggested that 81% of children applying for SSI indicated they were told to misbehave. Of course your purpose in using such a statistic was to suggest that children receiving SSI must be "faking." However, that tells us nothing about how many of those kids were denied benefits or how many received SSI due to their "faking" a disability. For all we know every single child who allegedly was coached was denied SSI benefits. Furthermore this study was done only in one state and is not representative of all children applying for SSI. So why was a statistic used that tells us nothing about the number of children who successfully "faked" their disability to get SSI? Perhaps only to mislead the audience into thinking that many, like Ms. Trout, were successful.

The myth that children's benefits are misspent.

"Crazy Money" portrayed examples of alleged improper or questionable use of monthly SSI benefits. In only one instance did you present a story of the unquestionable appropriateness of benefits spent. Are you implying that most parents inappropriately spend their children's SSI benefits? No study was shown to support that allegation. Clearly more oversight is needed to ensure that SSI funds are spent for the benefit of the children recipients, but to imply that most children's SSI benefits are inappropriately used is a conclusion substantiated only by unscientific anecdotes and innuendos.

In our experience, the parents of disabled children know best the needs of their children and they struggle to provide for them. SSI monthly benefits may relieve some financial stress but the \$530 monthly benefit in Wisconsin does not go very far to lift the indigent recipient out of poverty.

One grandmother, who is the guardian for her disabled grandchild, D., has told us that his impairment-related monthly expenditures easily exceed the SSI benefit. D. has attention deficit hyperactivity disorder and its long-term treatment has stunted his growth by three years. His doctors require that she provide him costly nutritional supplements and vitamins, which are not covered by Medicaid. In addition, his psychiatrist recommends that he have

costly, specialized daycare, participate in organized sports activities, and have educational tools at home to supplement his schoolwork and help him learn strategies for concentration.

R.'s mother, who was discussed earlier, spends \$400 per season on non-abrasive, soft, cotton clothing and specially-fitting shoes. In addition, she must treat R.'s skin lesions with over-the-counter preparations that are not covered by Medicaid, including bandages and dressings, lotions, chapstick, and oatmeal bath mixture. Further, she must invest in special daycare, children's pain medications, and non-perfumed soap, detergent, and toilet paper.

The Zebley case makes it "easier" to be found disabled.

If easier means "fairer" then, for once, "Crazy Checks" was right on target. In the Zebley decision the Supreme Court required "SSA to make its process for determining disability in children analogous to the adult process".² This was a necessary change because many deserving children, including children with Downs Syndrome, could not qualify for SSI under the old rules. After Zebley the Social Security Administration was ordered to make new rules to assess how children's mental or physical impairments limit age-appropriate development, functioning, and activities, in a way

² Office of Inspector General, Rapid Rise in Children on SSI Disability Rolls Follows New Regulations, (GAO/HEHS-94-225) September 1994, p.4.

that would be of comparable severity to impairments that disable adults.

The myth that the Zebley case broadened the definition of disability and opened the "floodgates" of disability claims for "crazy checks."

The first assertion is true: according to the General Accounting Office, from 1989-1993 the number of children receiving SSI did grow considerably.³ But as indicated in the GAO report, 70% of the children awarded benefits actually qualified without the changes mandated by the Zebley case. The GAO report cites a number of reasons that account for the growth in numbers of children receiving SSI benefits, but only one was mentioned in your show. Other reasons include improved outreach efforts by SSA and the dramatic increase in the number of children in poverty. According to a GAO report on infants and toddlers, there was a 26% increase of poor infants and toddlers during the 1980s. But the number of nonpoor infants and toddlers only increased by 13%.⁴

There have also been changes in the medical assessment of mental impairments for children which were made "to reflect advances in medicine and science, in accordance with the Disability Benefits

³ IBID, p.1.

⁴ Office of Inspector General, Infants and Toddlers-Dramatic Increases in Numbers Living in Poverty, (GAO/HEHS-94-74) April 1994, p.7.

Reform Act of 1984."⁵ The Zebbley decision did not mandate this change to include what is mistakenly referred to as "behavior problems," but it is reflective of advances in science.

Even though your show asserts that the "floodgates" were opened for claims of "crazy checks" as a result of the Zebbley decision, that is wrong. Other factors were also involved as previously mentioned. It is also wrong because only "one-fifth of these children-39,400 total, or 1,700 per month-received awards because they had diagnoses of attention deficit hyperactivity disorder, personality disorders, or autism and other pervasive developmental disorders-mental disorders that have been broadly characterized as 'behavior problems.' Children with these diagnoses represented 13.3 percent of all awards."⁶ That is not exactly a "floodgate."

You have a responsibility to portray issues accurately and honestly to your audience. There are many deserving disabled children whose parents and guardians spend their public benefits wisely and who need their SSI grant. When you take the position of "bashing" the SSI children's disability program without carefully looking at how the program is working, it threatens the benefits of all disabled

⁵ Office of Inspector General, Rapid Rise in Children on SSI Disability Rolls Follows New Regulations, (GAO/HEHS-94-225) September 1994, p.1.

⁶ IBID p.16.

children. It also defeats any meaningful dialogue that could have resulted. The SSI children's disability program does suffer from administrative problems, some of which you have suggested, but not to the extreme you suggested or in isolation of any good outcomes.

Consortium for Citizens with Disabilities

The Consortium for Citizens with Disabilities (CCD) is a coalition comprised of more than 120 national consumer, advocacy, provider and professional organizations which advocate on behalf of our nation's 49 million citizens of all ages with physical and mental disabilities and their families. Working through task forces, CCD works on federal policy issues in a number of areas including budget and appropriations, education, employment and training, health care, housing, long term services and supports, income maintenance, rights, technology and transportation.

CCD unequivocally supports the continuation of the Supplemental Security Income (SSI) program as a cash assistance program to provide basic income for low-income children who have severe disabilities or chronic illness or who are blind. We believe that the SSI program for children is extremely important because it encourages low-income families to stay together and reduces the need for more costly out-of-home institutionalization. The cash assistance program is founded on the principle that families should be empowered to decide how to best meet the needs of children with severe disabilities.

The Consortium believes that the strength of the SSI program is that the cash benefit encourages lower-income families to stay together in order to help their children gain the greatest possible independence as adults. The program's premise is that families can best decide how to meet their own children's needs.

If eligible children lose their SSI cash benefits, many families will simply not have the resources to care for them at home. They would turn to state and local governments for more assistance. Without the federal benefits that parents now spend on behalf of their children, state costs to serve children with severe disabilities would inevitably escalate. As an especially tragic consequence, some families would be forced to surrender custody to guarantee proper care for their children, either through the foster care system or in state institutions at a higher cost to taxpayers.

Our testimony answers five basic questions about the children's SSI program and recommends steps to consider that will improve the program's operation:

1. What is the purpose of the children's SSI program?
2. Who qualifies for children's SSI benefits?
3. What is the disability determination process for a child to prove eligibility?

4. Why is cash assistance critical for eligible families?
5. Why have the children's SSI applications increased over the past few years?

1. WHAT IS THE PURPOSE OF THE CHILDREN'S SSI PROGRAM?

Congress intended SSI benefits to pay for food, clothing and shelter for qualified low-income children with severe disabilities and children who are blind. The cash payment recognizes the family's wisdom and responsibility to make decisions about how to best spend benefits on behalf of an eligible child.

Families raising children with severe physical, developmental or mental disabilities have higher expenses and often have less income. Although public or private health insurance covers some medical costs, families face extraordinary additional out-of-pocket expenses related to the child's disability which continue throughout the lifetime of the child. The needs of a child with a severe disability frequently require a parent to remain home and forego paid employment. Some parents remain underemployed by taking a part-time job to have more time at home. Other parents must refuse better job offers to protect current health benefits or remain in a school district that has the necessary services for their child. All these factors decrease family income in both one and two-parent households.

2. WHO RECEIVES CHILDREN'S SSI BENEFITS?

To be eligible for SSI, a child must meet two sets of eligibility criteria: financial and disability. Only after the child is found financially eligible does Social Security consider whether the child is blind or whether the child's disability or chronic illness is severe enough to qualify.

In June 1994, 68 percent of eligible children received the maximum federal payment of \$446 and almost another six percent received 90 to 98 percent of the maximum federal benefit. This means that almost three-quarters of the children receiving SSI benefits were living in very low-income families because in a means-tested program, people with the lowest income receive the highest benefits. Benefits are also available to qualifying children whose families fall out of the middle-class mainstream when disability strikes. The extra expenses they incur and the income they forfeit when a parent must stay home to care for a child with severe disability make them financially eligible for SSI.

Families apply for SSI for their children not only for the cash assistance, but also because in most states, children who qualify automatically receive medical assistance through Medicaid. These families depend upon Medicaid for health coverage for their children with severe disabilities because currently, many of these children do not

qualify for any private health insurance because of their pre-existing conditions or because their parents work for employers who do not provide health insurance.

In June 1994, almost 850,000 children received SSI benefits because they were blind or disabled. Children with **mental retardation** were the largest single group, representing about **44 percent of the enrollment**, while another 34 percent have physical disabilities and 22 percent have mental disorders.

3. WHAT IS THE DISABILITY DETERMINATION PROCESS FOR A CHILD?

Medical Proof

Medical documentation must be presented about a child's **severe medical or psychological impairment** to begin Social Security's disability review process. The impairment must be identical or equivalent to one appearing on a specific list of qualifying impairments or must significantly interfere with the child's ability to develop or function in an age-appropriate manner in multiple areas of normal childhood activities. The disability examiner is required by law to evaluate each application to document whether benefits should be awarded or denied.

Recent allegations suggest that children are qualifying who do not have severe disabilities. However, the General Accounting Office investigated and found that 70 percent of all awards went to children whose impairments were severe enough to qualify on the basis of the medical standards alone without any consideration of their functional limitations.

Functional/Developmental Documentation

The disability examiner must also consider functional information from people who observe the child over a period of time such as parents, social workers, child care providers, clergy and school personnel. By collecting evidence from many sources, the examiner can verify the extent of a child's disability or chronic illness.

Comprehensive Decisionmaking

To make a decision, the disability examiner is required to review all available information about the child's daily functioning. Any test results must be consistent with other evidence about the child's daily behavior and activities. If there are inconsistencies, the examiner must get more documentation to resolve the differences. Social Security provides on-going training and guidance to the state disability examiners to ensure that they are properly implementing the legal requirements of the disability procedure.

Coaching Allegations

It is nearly impossible for children to feign disabilities to qualify for benefits. The severity of a child's disability must be so fully documented that children with minor physical or behavioral problems cannot qualify for SSI. However, allegations have been made that parents coach their children to "fake" a mental disorder, do poorly on tests or act out in school.

The only thorough investigation of such allegations was conducted by Social Security's Office of Disability. It reviewed more than 600 randomly selected files of children with behavioral disabilities and did not find one case of alleged coaching that resulted in a benefit award. Possible coaching was present in only 13 of the 617 cases; 10 of these claims were denied and the other three children received awards on the basis of evidence other than the questionable tests. Furthermore, SSA cautioned in their report that the special sample of behavioral disorders cannot be considered representative of the entire SSI childhood population or even of SSI children with other mental disorders.

In addition to its study, Social Security has added safeguards to protect the program's integrity amidst the continuing allegations of coaching. There is a toll-free telephone number for concerned professionals to make anonymous reports about families they suspect are coaching their children. There is also a procedure for state disability examiners to report any suspicions of coaching. Designated staff at Social Security headquarters investigate all such allegations. With appropriate enforcement, the agency can reduce the possibility of fraudulent awards. It is neither sound public or fiscal policy to impose an intrusive bureaucratic paper machine upon families and tremendously increase the cost of government for almost 850,000 families when there is no exact knowledge of how many families are actually abusing the program.

4. WHY IS CASH ASSISTANCE CRITICAL FOR ELIGIBLE FAMILIES?

Families report using their children's benefits for a variety of higher-than-average daily expenses as well as the special expenses related to the child's severe disability. The cash assistance helps parents meet the changing needs of a child with a severe disability, helping him or her to learn and gain the greatest possible independence as an adult without trying to deprive other family members of their respective need to grow and learn. Often the SSI benefit is the only money available to families to purchase the multiple items and services that meet the child's complex needs. Families report using their children's SSI benefits for the following types of expenses:

- o utility bills (electric bills for 24 hour/day respirators, rental costs of back-up generators to prevent power lapses, battery charges for communication devices or power wheelchairs; water bills for above average bathing and laundry usage)
- o telephone calls to medical providers, pharmacists, social service providers and schools
- o specially trained child care providers since neighborhood babysitters are often unable or unwilling to care for children with disabilities
- o respite care
- o personal assistance services (including wages and taxes)
- o public or private transportation costs for numerous trips (often long distances in rural areas) to obtain medical treatment and services
- o adapted clothing (e.g. buttons replaced with velcro fasteners, specially fitted shoes, modified openings or specially designed clothing for persons with limited movement)
- o clothing, laundry and household cleaning supplies (e.g. children who require frequent clothing changes or whose disability requires more frequent household cleaning)
- o specially equipped vehicles to transport children who use wheelchairs
- o home repairs (e.g. special safety equipment such as protective coverings for kitchen appliances, extraordinary wear-and-tear from wheelchairs)
- o home modifications/adaptations including environmental control equipment (e.g. widen doorways, change doorknobs to levers, add ramps, modify controls & switches, install bathroom railings and special bathing and toileting equipment)
- o service and repairs for assistive technology (e.g. power wheelchairs, prosthetics, hearing aids)
- o adapted toys and learning materials (e.g. special tricycle for a child with a physical disability)
- o assistive technology for school homework (e.g. computers with voice output, touch screen or modified keyboard)
- o special telecommunication services/devices (e.g. TTY)

- o co-payments and deductibles for routine medical visits, specialty consultations, medication, biological products, physical/speech/ occupational therapy, orthotic devices and wheelchairs customized for children not covered by Medicaid, private insurance or school districts
- o over-the-counter items not customarily paid for by public or private insurance such as special creams for skin conditions, diapers for older children, wigs, special formulas for managed diets
- o family support services

Many families use cash SSI benefits to partly offset their loss of income because a parent must remain unemployed or only work part-time to care for the child with a severe disability. In summary, it is very often the case that families spend over \$100 each week for the specialized goods and services that their children with severe disabilities require, readily absorbing the full SSI monthly payment.

5. WHY HAVE CHILDREN'S SSI APPLICATIONS INCREASED RECENTLY?

A number of events over the past few years explain the increase in children's SSI applications. The recession of the early '90s increased the economic stress on families. More families whose children had severe disabilities lost income and their children became financially eligible for benefits. Also, the number of children living in poverty is the highest in almost 30 years.

Congress, in 1989, directed the Social Security Administration (SSA) to conduct outreach, for the first time, to potentially eligible families with children who have severe disabilities to encourage them to apply for benefits. The next year, SSA published and began to implement new rules for children with mental and emotional disabilities. The new rules were designed with help from a panel of experts convened by Social Security that included child development specialists, psychiatrists, educators, mental health advocates and agency staff. The old standards had not reflected current definitions and diagnoses of mental disorders. SSA's use of new and more realistic standards enabled more children with severe mental impairments to qualify for benefits.

The U.S. Supreme Court issued its decision in 1990 in the Zebley v. Sullivan case requiring SSA to change its childhood disability determination process to evaluate the child's level of functioning in addition to his or her medical condition. Members of the expert panel advising Social Security as the agency developed the new childhood disability process estimated that over 1 million children would meet financial and disability criteria. Part of the Zebley case required Social Security to notify 452,000 children who were illegally denied benefits between 1980 and 1990 that they had a right to have their cases reevaluated. The agency ultimately reinstated and paid back

benefits to 135,000 children who had been illegally found ineligible. By court order, SSA was told to notify all class members by letter and also to do public service announcements and national outreach to potentially eligible children.

To augment Social Security's outreach efforts, several major foundations funded the Children's SSI Campaign coordinated by the Bazelon Center for Mental Health Law, a CCD member organization. The campaign worked with state agencies, advocates and professional groups across the country to notify potentially eligible families about changes in the SSI program and how to apply.

Both Social Security and the Children's SSI Campaign publicized new financial eligibility rules, issued in November 1992, that calculate the financial eligibility of working families more equitably than before. Thousands of children whose parents are employed who were previously denied because they were over the income limits are now eligible for this means-tested program.

RECOMMENDATIONS

The expected and predicted growth of the children's SSI program has prompted some extremely negative unsubstantiated stories about families allegedly abusing SSI benefits. Amidst the allegations, there has been virtually no attention to legitimate questions about whether and how the children's SSI program is serving its intended beneficiaries.

Last year, Congress authorized a Commission on Childhood Disability to study the program and possible alternatives. Last week, Secretary Shalala announced the Commission members who include nationally recognized experts in the fields of medicine, psychology, rehabilitation, law, education, disability program administration, social insurance, social and family policy and ethics. In light of the mandate to the Commission, we believe that Congress should not make any major changes in the children's SSI program until the Commission submits its required study to Congress by November 30, 1995. The Commission, through the work of its staff and accomplished members, will provide more complete information and data about who the program serves and what families need to meet the needs of their children with severe disabilities.

In the interim, we recognize that every federal program rightfully needs regular monitoring and review to assess its usefulness and efficiency. We believe that with appropriate enforcement, Social Security can reduce the possibility of fraudulent awards to children who do not have qualifying severe disabilities. In addition, we welcome the opportunity to work with members of the Subcommittee to improve the operation of the children's SSI program, especially in three areas:

1. Continuing disability reviews.

We support the requirement in the Social Security Independence and Program Improvements Act of 1994 that requires redetermination of eligibility for SSI recipients upon his or her 18th birthday. At that time, the child will be reevaluated under the adult disability criteria. The redetermination will substitute for a continuing disability review and Social Security must review at least one-third of the children reaching age 18 in each of fiscal years 1996, 1997 and 1998. The provision expires on October 1, 1998 when a report is due to Congress.

In addition to this requirement, there are some children under the age of 18 who do medically improve during the time of their eligibility. We believe it is appropriate to discuss establishing a schedule to review periodically the continuing disability status of childhood recipients in cases where medical improvement is either possible or expected. We are mindful of the human tragedy of the early 1980s when hundreds of thousands of adults with severe disabilities who were receiving SSI benefits were illegally dropped from the rolls. Consequently, we support the establishment of a realistic review process over arbitrary steps to make wholesale reductions among childhood beneficiaries.

2. Improved work incentives for young people.

People with disabilities are motivated to work, even when their disabilities are severe. The 1994 National Organization on Disability/Harris Poll found that 79 percent of non-working adults with disabilities would like to have a job, up from 66 percent in a 1986 poll. However, people with severe disabilities often are afraid to test the competitive market without some initial support through vocational training and the assurance that benefits will be easily re-established if their work effort fails. The SSI program already has some such work incentives, but they are not well known among young people who want to make a successful transition to the adult world of work.

Social Security should promote existing work incentives more widely. In addition, Social Security should work with the Departments of Education and Labor and all other appropriate federal and state agencies to improve work incentives for children with severe disabilities to enhance their ability to work to the extent of their capabilities.

3. Improved notification to parents (or any representative payee for the child) regarding proper expenditures.

When receiving notification from Social Security that their child is eligible for SSI, many families do not receive clear instructions about the nature of the appropriate expenditures. Similarly, the instructions about the regular reporting responsibilities for representative payees are not as clear as they should be. Significant improvements

could be made by providing parents (as representative payees) with appropriate, timely information regarding their responsibilities in receiving SSI payments on behalf of their children.

We look forward to working with the members of the Subcommittee to ensure that families can continue to care for their children who have severe disabilities or who are blind.

Submitted on behalf of the following CCD members:

American Association for Marriage and Family Therapy
American Council of the Blind
American Network of Community Options and Resources
American Occupational Therapy Association, Inc.
American Rehabilitation Association
Autism National Committee
Bazelon Center for Mental Health Law
Federation of Families for Children's Mental Health
Justice for All
Project AccessAbility
Legal Action Center
National Association of Developmental Disabilities Councils
National Association of State Directors of Developmental Disabilities Services
National Association of Protection & Advocacy Systems
National Center for Learning Disabilities
National Community Mental Healthcare Council
National Parent Network on Disabilities
The Arc (formerly Association for Retarded Citizens)
United Cerebral Palsy Associations, Inc.

For more information, contact Rhoda Schulzinger, Bazelon Center for Mental Health Law (202-467-5730) or Marty Ford, The Arc (202-785-3388), co-chairs of CCD's Social Security Task Force.

**TESTIMONY OF DIANA AVIV
COUNCIL OF JEWISH FEDERATIONS**

Mr. Chairman and members of the Subcommittee, thank you for the opportunity to submit this testimony for these important hearings on welfare reform, specifically on Supplemental Security Income (SSI) benefits. This critical program is a life line for millions of the most vulnerable in our society, the elderly and disabled poor. My testimony will focus on one group of these needy and deserving people, legal immigrants and their families.

First, let me introduce myself. I am Diana Aviv, Director of the Washington Office of the Council of Jewish Federations (CJF). CJF is a national organization representing 189 local Jewish Federations which serve as central planning organizations and coordinate Jewish social services for approximately 800 municipalities and counties throughout the United States and Canada. This Jewish social service network embraces more than 6.1 million Jews and provides needed assistance to many non-Jews as well. The Federation system represents the largest base of Jewish communal involvement and action in this country. We are a significant component of the private philanthropic sector in America.

The Jewish community is deeply appreciative of the opportunities this great country affords those who seek refuge and a new beginning here. Most of us are either immigrants ourselves or only a generation or two removed from immigrant status. We support a generous immigration policy because we know that immigrants are good for the economy and good for our communities. According to the Urban Institute's recent study, published in May 1994, "Overall, annual taxes paid by immigrants to all levels of governments more than offset the costs of services received, generating a net annual surplus of \$25 billion to \$30 billion."

The Jewish community also knows, however, the consequences of policies that scapegoat immigrants as the source of many of society's problems. Government anti-immigrant policies give rise to irrational fears of the foreign born and even of native born ethnic populations. Fifty-five years ago such fears caused Members of Congress not unlike yourselves to defeat the Wagner-Rogers bill that would have granted refuge to 20,000 German children, half of them Jews. They suffered the same fate as the passengers on the Spirit of Saint Louis which was not permitted to dock here even though it meant their death. And it was irrational fear that forced loyal Japanese American citizens into detention camps on our own soil. We are, and we must always be, better than that as a nation, as a haven for those who seek freedom and the reunification of their families.

Support of Family Reunification

Family reunification is the cornerstone of our immigration policy. More than 520,000 of the approximately 700,000 legal immigrants who arrive each year are sponsored by relatives who have become citizens of the United States. But many families are not given permission to, cannot afford to, or for some other reason are unable to bring the whole family to the U.S. at the same time. Most often, the younger family members who leave first so that they can provide for themselves, become American citizens, and then bring their immediate relatives to join them. The separation is long and difficult, especially on parents who know they will not see their children and grandchildren for many years. But they believe the opportunity for a better life in America is worth the wait. As legal immigrants, and subsequently as citizens, these newcomers secure legal employment, pay taxes and otherwise participate in American society alongside other Americans.

U.S. Citizen Sponsors Already Provide Significant Support To Their Immigrant Families

When U.S. citizens or legal permanent residents sponsor their parents or other relatives for immigration their incomes are "deemed" available to the new immigrants for five years, increased from three years in January 1994. In many cases, this means that sponsors fully support their relatives during this period. Frequently, the sponsors are also raising children and working hard to make ends meet, but they take on the additional responsibility because reuniting their family is their highest priority. As their parents age or get sick, however, the cost of supporting them can increase significantly. For most middle class families, whether immigrant or native born, supporting aging parents for the rest of their lives is a financial impossibility given the costs of medical care and other services needed by the elderly over the course of ten, fifteen or twenty years.

That is not to say that elderly immigrants access SSI immediately after the five year "deeming" period is over. The Urban Institute's analysis shows that even when the "deeming" period was only three years, fully 53 percent of legal immigrants currently on SSI waited more than five years before receiving benefits. More than half of this group (28 percent of the total number of SSI recipients) waited more than 10 years. Some are able to find jobs and many sponsoring families are able to continue to support new arrivals for a longer period of time.

Still, it is an undeniable fact that immigrants who come to this country in their fifties and sixties will still be here in their seventies and eighties when they may become frail or ill. Family members will not be able to cover the cost of their care. It is imperative that SSI remains available as a safety net to protect poor elderly U.S. residents who do not qualify for any other programs. For many, SSI is the only way to access medical assistance since purchasing private insurance for the elderly and disabled is either impossible, due to preexisting conditions, or prohibitively expensive.

Without access to SSI, these legal residents who followed the rules may have no means of support. Worse still, if the government changes its policy and makes legal immigrants ineligible for SSI, many U.S. citizens may be unable to reunite with their parents or other relatives because they know they will not be able to support them as they age or become ill. This is not the way our government should treat people who came here to participate in and contribute to our society, people who work hard, pay taxes and take enormous pride in their U.S. citizenship. Such a policy undermines our basic American values of family unity as a cornerstone of American society.

Assisting The Disabled

SSI is a lifeline for the disabled whether American or foreign born. Without its support there would be no way that any but the very wealthiest families could pay for the essential services required by this population. Currently receiving SSI are 225,000 immigrants who have suffered a disability. To make them, or those who will be disabled in the future, ineligible for this program is to leave them without financial support, without medical care, and without social support services. Families will surely do the best they can for their loved ones, but it could mean bankrupting themselves and their children or leaving jobs and accessing AFDC or other programs available to citizens in order to provide the required care. Surely that is not the intent of the authors of the Contract With America nor of this committee.

Inequities of Disqualifying Legal Immigrants For SSI Assistance

Legal immigrants followed all of the proper procedures and waited long periods of time, in most cases, to get their visas to come to the United States. In addition to going to work and paying their taxes, they also study English and American civics so that they can take their citizenship exams. Because an immigrant cannot apply for citizenship until they are resident

in the U.S. for five years, and because there are currently many problems and delays in the naturalization process (see section below), foreign born U.S. citizens are residents of this country for a minimum of six years before a relative is able to join them. It is unfair and inequitable to tell this group of U.S. taxpayers that their needy parents cannot access federal assistance programs in the event they need them, but their tax dollars will be used to help other citizens' parents. **Eligibility for public assistance programs should continue to be based on need, not on citizenship status.**

Obstacles to Naturalization

Denial of benefits to legal immigrants appears to be based on the assumption that all immigrants can simply naturalize if they want to do so. For a variety of reasons, this is not reality, particularly for those who might need SSI benefits, the elderly and disabled. The English language and American civics knowledge required for citizenship tests is extremely difficult for this aging population to acquire. Even though there are more lenient procedures for those over 55 years of age, they only apply if the immigrant has resided in the U.S. for more than 15 years. INS statistics from 1993 indicate that the naturalization rate for those over 65 is only nine (9) percent and for all immigrants over 55 it is just 19 percent. For many of the elderly and disabled just getting to classes on a weekly or more frequent basis is difficult.

The INS readily admits that the naturalization process can be delayed by its own procedures and problems. It is not unusual for the INS to take over a year just to review an application. Applications with errors or missing information are then returned to the applicant who must resubmit the forms. Scheduling the required interview with an INS official is substantially delayed in busy, understaffed INS offices. In San Francisco, for example, it now takes nearly one year to have an interview scheduled; New York takes six months; and Newark, New Jersey is taking one to two years. Chicago has approximately 300,000 immigrants eligible to naturalize this year, but fewer than 40,000 will become U.S. citizens due to lack of INS personnel. There are long waiting lists as well for English language and citizenship classes. In New York City and Los Angeles more than 50,000 people are on lists for citizenship courses. The INS acknowledges these problems and is taking steps to improve them, but the current situation poses serious obstacles for all those wishing to become citizens, particularly for immigrants in need of SSI benefits.

Cost Shift to States and the Private Sector

If the federal government chooses to make legal immigrants ineligible for basic support programs like SSI states and localities will be faced with having to pick up the cost of income support and medical care for these vulnerable people. If they do provide benefits they will have to absorb substantial costs that are not now budgeted for; if they choose not to extend benefits to this population, the number of homeless, destitute and dying people, a large number of them elderly, in their communities will rise. **The federal government should maintain its role in guaranteeing basic support for those who were legally admitted to the U.S. and who reside here as lawful permanent residents.**

Finally, I would like to respond to recent suggestions that cutbacks in public assistance will motivate private charitable organizations to do more. Mr. Chairman and Members of this Subcommittee, I believe it is a pipe dream to think that billions of additional dollars will pour into charitable coffers if the public sector retreats from providing basic income support to those residing legally in this country. It is possible that more volunteers will offer to assist newcomers in learning English or acculturating to a new environment. It is possible that individuals and corporations will increase their level of charitable giving somewhat. But it is inconceivable that the American public, which is admittedly the most philanthropic in the world, will accept the multibillion dollar responsibility of providing basic income support to the poor, elderly and disabled.

Every eleemosynary organization in this country is trying to make dollars out of dimes.

Most are doing a good job of it and providing needed services on a shoestring budget with heavy reliance on volunteers. Even some corporations have taken responsibility for providing educational materials to schools and training programs, funding special projects, and loaning executives as teachers, mentors and management consultants to nonprofit organizations. All this is laudable and necessary. But the corporate world is in business primarily to make profits, not to support Americans in need.

The Jewish Federation network is one of the finest social service systems in this country. Our collective campaigns raised nearly \$1 billion in 1994. But in 1995 we are struggling to keep our campaigns at last year's level and in some economically hard hit communities we are failing. It is not that contributors are uncharitable, it is that they are uncertain about their own future and that of their children and do not necessarily have additional funds to support these programs. We will do our best to restore our system to vigorous health, and I suspect that we and other charitable institutions will succeed in doing better. But it is imperative that the federal government maintain its role in the public-private partnership that has been created for caring for the needy whether native or foreign born.

Conclusion

SSI is a lifeline. It literally saves lives. The current system already requires shared responsibility by sponsors and the federal government. Please do not gamble that the states will pick up the cost of caring for legal immigrants if you make them ineligible for federal benefits. Do not add this responsibility to the many already being carried by an overburdened philanthropic sector. Control of the federal budget is clearly necessary, but taking a lifeline from the most vulnerable and powerless is not the way to start.

The proud tradition of the United States, this nation of immigrants, requires that you look elsewhere for the funds to make welfare reform work. It also requires that Congress state loudly and clearly that anti-immigrant sentiments are not the policy of this government and that punishing those who followed the rules and came here legally is not the answer to the problems we face in our communities and our country.

BREDA M. COURTNEY
1910 FRANCISCO STREET
BERKELEY, CA 94709

To The Committee Hearing Testimony on Title IV of HR 4:

As a legal permanent resident of the United States for over 30 years, I urge you to vote "NO" on the proposed legislation which would discriminate against and punish those LEGAL residents who have paid taxes and contributed to this society freely and willingly over many years.

I came to the United States from Ireland as a LEGAL IMMIGRANT over thirty years ago. In all that time I have been a working, tax paying, contributing member of this society. I am a single mother who raised three children who are citizens of the United States. I worked full time and supported these children, when their U.S. CITIZEN father was a non-paying, irresponsible, non-contributing parent. During these years, while I was a single parent, I also paid for, attended, and graduated University, so that I could become a better and more contributing parent and U.S. resident.

Two of my children are college educated in California, and are law-abiding, working, tax-paying, citizens. The third is completing his fourth year in the top University in Ireland, which costs are totally paid for by a scholarship from an IRISH Foundation.

Since the first day I came to this country, I have respected and abided by all laws and regulations, and I have taught my children to do the same. My professional career, which has spanned twenty years, has been dedicated to human services organizations, in order that I might help others as I was helped when I came to this country.

Why then should I now be punished by being deprived of my right to services which I have duly paid for over the last thirty years?

I have never yet needed to apply for any state or federal services, because I have been blessed with a good brain and a healthy body. But what if one of them fails me in the next twenty years before I become 75? Is it fair and just that the benefits of the system which I have contributed to all my working life will be denied to me?

And what of others, who are not as fortunate as I? Those LEGAL IMMIGRANTS who do not have a command of the language because they do not come from English speaking countries, therefore have not been able to secure steady employment as I have? And those who have not been blessed with a good brain and a healthy body as I have?

Because my career has been spent in human service organizations I am very aware of the needy of this country, and it was a career choice for me to use my talents and my energy in the Not-for-Profit field. Because I saw the needs of others to be greater than my own, I accepted lower compensation and longer work hours over the benefits of work in industry. It has been my greatest joy in life to see American tax dollars well spent in human services programs.

It is now beyond belief to me that everything I have believed America stood for all these years could go down the drain in this dreadful discriminatory legislation.

Again, I urge you to VOTE NO.

COVENANT HOUSE
346 West 17th Street
New York, New York 10011

For comments or questions, contact:
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WELFARE REFORM

BUILDING A FIRM FOUNDATION BASED ON FAMILIES:

A POSITIVE APPROACH WITH EMPHASIS ON

REHABILITATION OF TEENAGE MOTHERS

Covenant House Experience

Covenant House has been providing shelter and services to homeless youth for over 25 years. We have sites in seven states as well as four foreign countries. Our youth include those thrown out of or running away from dysfunctional and abusive family situations, those aging out of foster care, as well as teenage mothers with their infants and toddlers. *During 1994 we served over 41,000 youth, 5,000 of them pregnant or mothering teenagers and their children.*

Reforming the System

Covenant House believes that the American welfare system, specifically Aid to Families with Dependent Children (AFDC), is in need of reform. We would hope for a positive approach which would help young people acquire the skills and jobs to be self-supporting, to be effective parents, and to plan a constructive future for themselves and their families. We come to this conclusion based on over 25 years of providing care to

nearly 300,000 homeless youth, including teenage mothers and their young children. We are concerned that in taking away welfare supports without replacing them with positive alternatives which lead to self-sufficiency, young mothers and their children will wind up homeless on the streets of our cities and towns with only the vague hope of a handout to keep them from poverty, hunger and disease.

Tax paying Americans have a negative image of the recipients of public assistance: the welfare cheat, unwilling to work. For the group of potential recipients over the age of 18, habilitative approaches are not only possible, but Covenant House seems to have achieved a model designed to turn them into single working mothers (c.f., "Restoring Hope", enclosed). Present approaches run the danger that we end up with more homeless young people on the streets as families disintegrate. Instead, a positive approach, such as ours is preferable based on job creation along with training of young parents for these jobs and establishing day care facilities which make it possible for them to hold these jobs.

This is the Covenant House approach: mothers are offered job training (for genuinely available jobs), day care, and strong counselling toward personal responsibility.

It is also essential to address the subject of children having children. Teenage pregnancy, clearly at the heart of the welfare problem, grows out of a culture of poverty, violence, and a lack of hope in the future. The delay of gratification for greater and more moral rewards in life holds little value for teens who fear death by guns and whose experience leads them to a "live-now-for-tomorrow-you-may-be-dead" attitude. *As Americans, we can all challenge ourselves by asking if we have truly made enough*

effort – all of us, churches, schools, parents, community – to teach values and responsibility.

With unwed mothers under the age of 18, foster care with an orientation toward good parenting and the completion of high school, ideally with work competencies included, seem the best and most reasonable as well as least expensive approach where no responsible family is available, the latter being the ideal.

At the same time, incentives must also be established which will not only oblige fathers to acknowledge paternity in order to discharge their financial responsibility but will encourage them whenever possible to establish the family unit through their presence as loving parents to their children. Fathers, too, must be able to take part in job training and placement so that a self-sustaining family unit can truly be created.

We at Covenant House would be the first to admit that currently Aid to Families with Dependent Children is essentially aimed at subsistence and maintenance, not at any long-term solution to the problem. *With its requirement that the father be out of the home, it is a system which is not only anti-children but anti-family.* This kind of “treading water” approach has caused frustration both among the country’s wage earners/tax payers and the recipients themselves. The true challenge of welfare reform is how to spend public assistance funds in a way that provides a challenge as well as a safety net for the neediest members of our society, while building a long-term solution to the causes of poverty and dependence. *Greater still is the enormous job of counselling to build motivation and the belief among these young mothers that they can become working single parents.*

At Covenant House we have worked for 25 years with these young people, many of them products of urban poverty, family malfunction and neglect. Seven years ago we began our Rights of Passage transitional living job skills program. Like other programs initiated by agencies with a similar objective, we created a partnership with major industries in New York City such as the construction, building maintenance and real estate industries, who not only were willing to run training programs for our young people, but subsequently hired them into career track jobs. This group of cooperating companies now numbers more than 600. This approach has been replicated at many of our sites in other states. Since 1987 almost a thousand young people have participated in this program – with 64% still employed full time after one year.

While this demonstrates that young people want to work, to propose, as some do, that this entire problem be left to the voluntary agencies, is impractical. The voluntary sector lacks the resources to develop a comprehensive approach for the enormous number of youth clients. *Government must be involved to assure that work is a genuine possibility at a wage which supports independence and offers a career track.*

The Basic Elements of Reform

Our experience convinces us that any effective solution to the American welfare dilemma must involve churches, voluntary and civic agencies, the business community, as well as government, and contain, at a minimum, the following four elements:

1. Systemic

Welfare Reform must take a systemic approach, recognizing that poverty, the source of so much family dysfunction and break-up, has multiple causes, all of which need to be addressed: productive work and welfare reform, for instance, go hand-in-hand.

2. Jobs

Both job skills training and job creation (making work pay with real jobs) must be priorities in any Welfare Reform package. Employers must be given incentives to train and hire welfare recipients for career jobs, not just a revolving door of low paying entry level positions. These efforts must be made on behalf of young fathers and mothers alike so that the family will truly have the financial underpinnings to survive as a unit and thus replace welfare dependency.

3. Child Care

Quality day care services must be available so that mothers and fathers will not have to worry about the safety and development of their child while they are at work. Again, incentives to employers can be used to encourage them to support or establish day care services for their employees. *Such services are as critical to effective Welfare Reform, as are sufficient wages to support a family, and a reasonable benefits package.*

4. Incentives

Welfare Reform must be incentive and reward-focused (e.g., earned income tax credits). Covenant House experience has shown that positive reinforcement as a way of inducing motivation has proven a sure prescription for success.

Conclusion

An integrated Welfare Reform package will require political courage to implement. We need, however, to keep in mind that society has little to show for the billions expended on the current system of simply maintaining a poverty level culture in American society, with no hope of improving the future of the children of today's welfare recipients.

Covenant House wholeheartedly supports the current emphasis on family values. In doing so, we include the importance of reforming the welfare system so that it becomes a transitional tool in assisting each recipient to become part of a self-sufficient family. A reformed welfare system can serve as a national model for positive action which results in independence and stronger families. *Indeed, we need a welfare reform policy which will offer services to support and train our youth, to give them hope for the future, to restore to all of them the promise of the American dream, and to make them respectable tax payers.*

COVENANT HOUSE: RESTORING HOPE

For the past twenty-five years, Covenant House has been providing food, shelter, clothing and a full spectrum of social services for homeless and runaway youth. Last year at our twelve sites, we served 41,000 young men and women, under 21 years old, representing a geographical and cultural cross section of America.

In New York City alone, 6,000 adolescents come to our door each year, seeking a bed, a meal, and a chance to grow. These young people come from hopeless living situations. In a city where 28 percent of the households have incomes below \$15,000 a year, our kids are the ones with the greatest need. Their families have been torn apart by drugs and alcohol, mental and physical abuse, and extreme poverty. They come to Covenant House looking for some sign of hope. The services we offer, from crisis care through transitional shelter to independent living, provide them with the opportunity to create a better life.

Rights of Passage

Currently 120 young people, between the ages of 18 and 21, reside at Rights of Passage, our long-term transitional living program located in the Chelsea section of Manhattan. This includes 20 young mothers and their children, representing 3% of the young moms who enter our Crisis Center. Since 1986, more than 900 young men and women have participated in this 12- to 24-month program. While living here, each resident creates an individual plan designed to result in his or her self sufficiency. They maintain employment, attend classes and pay a minimal rent based on their income. Participants do not accept any form of welfare or public assistance, and rely on in-house vocational training programs, employment workshops and the encouragement and support of staff members and mentors to accomplish their goals.

While everyone who comes to Covenant House has experienced the harsh realities of New York City's streets, the ones who suffer most acutely from homelessness are the young mothers and their babies. According to a 1991 New York City survey, 94% of single-parent families are female-headed and the median age of the female single parent is 22 years. Another report shows that New York City teens are having babies at a rate of 125 out of 1,000. With all this in mind, Covenant House has strengthened its effort to include young mothers and their children in Rights of Passage and all aspects of our program. By providing safe and affordable on-site child care and special programs dealing with parenting skills and mother/child health issues, we have encouraged our young women to resist the easy fix of public assistance and, instead, to aim for true independent living.

The cost of these programs is not insignificant. Covenant House's New York budget in 1994 was \$19.3 million, with 85% of our income a result of donations from the private sector, including individuals, foundations and corporations. Covenant House New York received \$2.3 million from HUD to support all its programming in 1994. The average cost per resident for the year was \$44,759.

The following table illustrates just how successful our determined young mothers have been in carving out a new life for themselves and their children. Our statistics show that, if given the opportunity, they can succeed at a rate that is often higher than that of other program participants.

	ROP GENERAL POP	YOUNG MOTHERS
Average Length of Stay	16 months	27 months
Housing at Completion		
Independent	75.9%	82.0%
ROP Independent	24.0%	17.9%
Employment at Completion		
Employed		
Unemployed		
Salary at Completion	\$23,100	\$7,000
Education at Completion		
High School Level	11.8 Grades	12.2
College Grade Increase from Entry	2.3 Grades	2.3 Grades

Business Partnerships

Employment is the first step towards independence. When young people enter Covenant House, their only employment history is usually at a minimum wage, dead end job. The success we have had in creating other vocational options could not have been realized without the support of the private sector.

To date, 683 businesses have joined in this partnership. Companies as diverse as the Marriott Hotels, Bear Stearns and Home Box Office have provided financial support, on-site training programs and employment opportunities for our kids. The benefits have been mutual, with our young people securing career-based jobs, and the private sector seizing a chance to tap into this most valuable resource, tomorrow's work force.

Mentors

Mentors are mature professionals, who are established in their business and have made a decision to get involved in the life of a young person. They are matched on a one-to-one basis with a Rights of Passage resident, and remain with that resident as he or she progresses through the program. By maintaining weekly contact, often something as everyday as dinner or a movie or a simple phone call, the mentor supplies a positive adult influence that has often been lacking in the young person's life.

Five hundred men and women have served as volunteer mentors, representing more than 300 private sector companies, such as Merrill Lynch, Pfizer, Citibank and Morgan Stanley. Rights of Passage graduates have identified the Mentor Program as the most significant reason for their successful transition into independent living.

Child Care

An available job is meaningless to a young mother without quality child care. Covenant House offers on-site day care for Rights of Passage's working mothers and young mothers enrolled in vocational training programs. In addition to offering day care services, the teachers runs workshops in nutrition, well-baby care and child development to help mothers improve their parenting skills.

Proposed New York City budget cuts reflect a \$12.8 million decrease in spending for child care. This translates into the loss of 1,892 available slots for the children of working parents. The security a mother feels about her child care situation is directly related to her ability to sustain employment. To bring more young mothers into the work force, reliable day care services must be available to relieve chronic and consistent concerns regarding the well being of their children.

Apartment Program

In New York City, less than two percent of all low-income apartment units are available at any time. Affordable housing is scarce for even the most established community members. With no past rental history and a limited income, our kids have a hard time finding apartments to rent. Realizing this difficulty, Covenant House has secured the leases on fifteen apartments in the Bronx and Brooklyn. Graduates of the Rights of Passage program move into these units, pay rent, adhere to the rules of the lease, and after one year the lease is transferred to the young person. The keys to these apartments open the doors to true independence.

Shamima's Story

Shamima is an example of how all these components can connect to change the direction of a person's life. Shamima was 19 years old when she came to Covenant House's Times Square Crisis Center with her 10 month old daughter, Emani. They received food and shelter and were transferred to our 52nd Street facility for young mothers and their children. There, she made a decision that would change her life and her child's. Shamima, with the help of Covenant House staff members, created a plan that would lead to self-sufficiency, and not public assistance.

Shamima and Emani entered the Rights of Passage Program in November, 1993. By making a clear and determined commitment, she progressed rapidly through the program. She participated in the clerical skills training program, while Emani was cared for at the Infant-Toddler Center, and she soon had the skills to find suitable employment. In the evenings, Shamima attended GED classes taught by the Educational/Vocational Department and she received her General Equivalency Diploma. Her mentor, Linda, the creative director of a prominent advertising agency, provided Shamima with support, advice and encouragement throughout her stay.

In August, 1994, Shamima and Emani graduated from the Rights of Passage Program. Shamima is currently employed as a control assistant for the Teachers' Insurance Company, and is able to pay for private child care for Emani while she works. Shamima and her daughter are living independently in the Bronx, in an apartment leased by the Covenant House Apartment Program.

In Closing

These programs have restored hope to hundreds of young men and women. We are encouraged by their success and by the positive results in the work we have done. We believe that Covenant House can serve as an effective model for other youth agencies, and will continue to develop programs that build working partnerships with the business sector to create opportunities for our youth. There is promise for the future of America, and it is growing in the spirit and the energy of these young people.

**Testimony on the Child Care Provisions
of the
Personal Responsibility Act of
the Contract with America**

**Submitted to the
Subcommittee on Human Resources
Committee on Ways and Means
U.S. House of Representatives**

Thursday, February 2, 1995

**As Prepared by
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Day Care Action Council of Illinois**

Established in 1969, the Day Care Action Council of Illinois (DCAC) is a not-for-profit membership organization of parents, child care centers, home day care providers, educators, and others who are dedicated to the promotion and expansion of quality child care services in Illinois. DCAC believes that child care should enhance family and community life. It is therefore DCAC's mission to achieve affordable, available, quality child care for all families who need it.

DCAC thanks the Committee for the opportunity to submit comments to the on the Personal Responsibility Act and offers the following testimony:

Welfare Reform: the Need for Increased Federally Subsidized Child Care

The Personal Responsibility Act aims to move families from the welfare rolls to the work place; however, it does not provide sufficient child care support to sustain this transition. Child care is obviously a key component to making this transition permanent because very few low-income families can afford to have a potential wage-earner stay home full-time to take care of their children. **If the federal government is truly serious about reforming welfare, subsidized high-quality child care must be rapidly expanded in order to allow families to both work and protect their children.**

Within the last decade, the federal government has made laudable strides toward reaching this goal. The first substantial enhancement was included in the Family Support Act (FSA) of 1988 by way of a Child Care Guarantee for all working parents on or newly off of AFDC through (Social Security Act) Title IV-A funds. These enhancements included the year-long Transitional Child Care entitlement, established specifically for those families just off of AFDC. Later, in 1990, a capped entitlement program was also established, the IV-A "At-Risk" program, for families at risk of being on AFDC. All of these IV-A funds require a minimum state match of 50 percent. At that same time, a non-matched discretionary child care subsidy for the working poor was established through the Child Care and Development Block Grant (CCDBG).

Despite these major gains, the federal child care subsidies still do not meet the country's current need. This insufficiency remains a huge barrier to welfare reform success.

Title IV-A Child Care Entitlements Must Remain Intact

The Personal Responsibility Act currently prescribes the creation of a general federal child care block grant including some, if not all, Title IV-A child care entitlements and all other federal child care programs. This block grant, like that proposed under the PRA for welfare services other than child care, is to be handed to states with few regulatory strings attached.

Given a finite amount of federal dollars, states will be under tremendous pressure to stretch these dollars as thinly as possible. Many states will be likely to place increased work requirements and cash-grant time limits on AFDC families. These families must have child care assistance or be forced to leave their children in highly undesirable and often dangerous situations while they are at work or in training. In order to meet the child care needs of AFDC families, states will be forced to allocate much, if not most, of their CCDBG and other working poor child care money toward this end. If states opt to use for AFDC families money previously available to working poor families, the number of families eligible for AFDC will without question sky-rocket thus defeating the purpose of the PRA. Child care assistance too often separates who is a working poor family from who is a welfare family.

The current FSA child care guarantee to families on AFDC or in their first year of transition from AFDC, is essential to the promotion of true financial stability among very low-income families.

Currently Insufficient Funding Levels in Federal Child Care Subsidies Must Not Suffer the 10 to 20 Percent Cut Proposed by the PRA

While the Day Care Action Council of Illinois supports the consolidation of *non-entitlement* federal child care programs (including the CCDBG, the IV-A "At-Risk" program, the Social Services Block Grant funds now allocated to child care, and the Dependent Care Block Grant), these funds, pooled or not, *must not be reduced by the PRA's slated 10 to 20 percent, even in light of possible savings due to streamlining.* These savings are much better used for the improvement or expansion of child care services for some of the millions of children in working poor families who are now forced into marginal, if not dangerous, child care situations because their parents are unable to pay for better quality care without a subsidy.

The evidence of the need for MORE, not less, federal child care subsidies is found in long waiting lists for child care subsidies nationwide. In Illinois, over 30,000 families are on waiting lists for working poor subsidies, such as the CCDBG. Since Illinois reached its IV-A "At-Risk" cap in September, 1993, an estimated 167 families a month have been left without child care assistance after their Transitional Child Care ran out. Many of these working poor families have been forced to scrape together admittedly very low quality child care arrangements or simply stop working because they cannot afford child care at all; many have been forced to go back onto AFDC.

A 1991 study commissioned by the Illinois Department of Public Aid (IDPA) revealed that finding and affording reliable child care may well be *the single most important factor* for parents seeking to get off and stay off welfare in Illinois. Of the 3,800 single-parent families surveyed, child care problems prevented 42 percent of them from working and 39 percent from going to school full time. In addition, 42 percent of the teenage parents surveyed reported they had to quit school within the last year because of child care problems. The most dismaying result of the survey was that 20 percent of the entire sample said they had to return to public aid *within a year* because of child care difficulties.

Minimal Health and Safety Standards Must NOT be Dismantled

Currently, states must present the federal government with a plan of how they intend to use CCDBG money. These plans must meet minimal federal health and safety standards. By contrast, the child care block grant proposed by the PRA would have no such minimal quality standards putting at risk millions of children in federally subsidized care. Without these standards, the variability in the quality of child care paid for with taxpayers' dollars will be vast. It is wrong for the federal government to abdicate responsibility for minimally protecting children in federally subsidized programs.

Federal Payment Rate Requirements and Quality and Supply Building Set-Asides Must Be Maintained

Beyond a lack of minimal health and safety requirements, the proposed PRA child care block grant threatens to promote decaying levels of quality in the federally subsidized system because no payment rate levels nor quality and supply building set-asides are prescribed. Both of these measures have worked to improve provider rates and consequently quality. These effects have clearly maintained and increased the integrity of the federally subsidized child care system and provided families low-income families quality choices. This relationship is detailed below.

Low payment levels severely limit the number of providers of quality care who are willing or able to accept subsidized clients. Current estimates in the state of Illinois indicate that as a result, at least one-third of all IV-A child care providers and one-fifth of CCDBG providers are license-exempt home providers. Government funds are therefore often spent on providers who have not met even the minimal standards of quality achieved through the licensing process. In Illinois, basic safety standards are met by license-exempt providers according to self-report only. Many states have no minimum standards for license-exempt care. A California study of license-exempt and home care providers found that 5 percent of such providers had criminal records, and 60 percent of the 5 percent had been convicted of child abuse. Only 19 states currently conduct criminal background checks on license-exempt providers.

In addition to the pressures on *quality* caused by low provider rates, low provider rates can have a substantial impact on the *supply* of quality care. The IDPA study of current and former AFDC recipients referred to above verified the particular difficulty that such parents have in securing high quality care. Over 65 percent relied exclusively on informal home care arrangements -- 77 percent were using informal arrangements as some part of a mix of child care arrangements, despite the fact that over half of these parents would have preferred licensed, formal child care settings. This is due not only to payment rates but also to the type of work and school arrangements public aid recipients most often find. Low paying jobs, part-time jobs, and jobs that require working nights and weekend shifts are typical of the type of work presently available to those with the low-skills that are characteristic of the AFDC population. As a result, such low-income parents need the least expensive and most flexible kind of care, often involving multiple providers. Fully 70 percent of the sampled parents reported problems when their usual child care arrangements fell through. Unsurprisingly, these parents experienced more child care-related absenteeism and late arrivals at work and school than did those parents using center-based care. Were licensed child care available to these families at untraditional hours, these problems would be greatly diminished.

Licensed care too often is not an option for poor families, even if they work standard daytime hours, because it is extremely scarce in low-income neighborhoods. The same IDPA study found that the statewide ratio of children under ten per licensed care slot was twelve children per slot statewide. Tellingly, this ratio was 10.3 children per slot in the highest income zip code-determined quintile, 16.1 children per slot in the lowest income quintile, and a full 18 children per slot in inner city zip code areas. The study found that while most of the few licensed providers in low-income areas accept subsidized clients, many reported that they had to limit the number of subsidized children they could accept because most state rates fell short of their actual cost of care by an average of 23 percent.

In sum, high quality child care is currently provided through government funds only when the subsidized client works standard daytime hours and the particular provider is highly skilled and devoted to the child(ren) under care *and willing to subsidize the provision of quality care through her or his low wages*. Poor families have clearly been relegated to informal, unlicensed care lacking objective standards of quality. It is imperative that more federal funds be allocated toward expanding the amount and types of licensed care available (e.g., offering nighttime hours) and assisting informal providers in achieving and maintaining high levels of quality (e.g., through training and resources).

The Committee must understand that because payment rates for child care providers are so low, child care staff turnover rates can reach as high as 40 percent, particularly among

subsidized providers. Child care providers many times seek another type of work because of the universally low wages. This inconsistency in care providers clearly has negative developmental implications, particularly for at-risk children.

The government must lead the way in monetarily valuing the work of the professionals caring for our children during the children's most critical developmental period. Minimum payment rate standards, even higher than the current 75th percentile of market rate, would greatly foster the much-needed expansion of the supply of higher-quality licensed child care available to the poorest families. The alternative is continued use of government funds for unstable, lower quality environments which we know can be irreparably damaging to our most vulnerable children.

Children Must Be Fed Nutritious Meals While In Child Care

Lastly, committee members should know that one of the most dangerous threats to working poor families posed by the PRA is the dismantling of the Child and Adult Care Food Program through the PRA's formation of one nutrition block grant and removal of federal nutrition requirements. For thousands of working poor Illinois families, this change will mean either increases in their child care costs or the loss of nutritious meals for their children. The proposal to incorporate the CACFP in a block grant would lead to serving some children and not others in small family day care homes, long waiting lists, and the removal of one of the few incentives to day care homes to become licensed and regulated, moving much family day care underground. The resulting turmoil in the child care community would be tremendous. More importantly, the need for good nutrition in the formative years of a child's life is obvious to every member of the Committee. That the PRA adopts this measure, in addition to all the other harmful measures listed above, in order to save federal dollars is ludicrous.

Conclusion

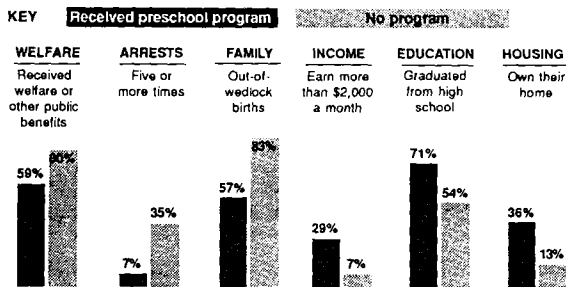
To close, please review the graphic displayed below. Here all members are able to see why federally subsidized early childhood programs are not only humane, but ultimately cost efficient. If the Committee members are honestly intent on reducing the federal deficit and minimizing the need for government spending and intervention, *prevention* must be the underlying theme of new federal social program policies. Prevention is epitomized by sufficient child care funding which results in sound early childhood environments for at-risk families wanting to break free from intergenerational cycles of poverty.

From *The New York Times*, Friday, December, 30, 1994:

Decreasing child care programs by even 20 percent will only lead to much greater costs later, as seen in this graph.

How a Preschool Program Changed Lives

A research group in Michigan randomly divided 123 3- and 4-year-olds born into poverty into two groups: one that received high-quality preschool education and one that did not. At age 27, 95 percent of the participants were interviewed. Here are the results.



Source: HighScope Education Research Foundation

**STATEMENT OF CONCERN BY 470 LAW PROFESSORS
ABOUT WELFARE REFORM**

A recurring feature in recent political rhetoric is the demand to "end welfare as we know it." In 1994, the Clinton administration introduced its proposed welfare reform package, entitled "The Work and Responsibility Act." Welfare reform promises to be a central item on the agenda when the 104th Congress convenes in January and is a focal issue in the ten-point "Contract with America" signed by Republican members of the House of Representatives. The draft "Personal Responsibility Act" ("PRA"), which elaborates on the proposals in the Contract, will likely be a major focus of attention.

The PRA raises questions of political morality, fairness, decency, and constitutionality. Its impact on Americans who are in poverty, the majority of whom are women and children and a disproportionate number of whom are African-American, is potentially catastrophic. Media coverage of the PRA has brought attention to the numerous problems with the PRA's call for the building of orphanages to accommodate the anticipated number of children whose parents will not be able to provide adequate care after the decimation of existing benefit programs. However, equally devastating, and more likely to be implemented, are such proposals in the Act as "drop dead" time limits for receipt of aid during one's lifetime, far-reaching "child exclusion" provisions premised upon marital status and the circumstances of a child's birth, and the exclusion of legal immigrants from nearly sixty federal programs. The measures of the PRA are drastic, punitive, and inappropriate. They are reminiscent of the nineteenth century, when assistance programs explicitly stigmatized poor individuals and families by distinguishing between those considered morally "deserving" and those viewed as "undeserving," and provided for the separation of families based on their poverty alone.

The PRA's many proposals to withhold aid to children based on the "morality" of their parents most vividly illustrate this nineteenth-century approach to poverty. For example, one stated goal of the PRA is to deter "illegitimacy," by requiring states to deny aid throughout childhood to a child born outside of marriage if the mother is under age 18 or to a child born within 10 months of the mother's receipt of AFDC. At their discretion states could deny aid to any children born to an unmarried mother under the age of 21. The PRA would also deny aid to a child until her or his paternity was established. Moreover, the PRA would exclude legal immigrants from a vast array of federal programs, including medical assistance, school lunches, and emergency food and shelter grants.

These types of provisions appear to raise equal protection concerns under Supreme Court precedent that prohibits states from burdening children born outside of marriage in an attempt to punish parental conduct. These provisions may also violate due process by placing unconstitutional burdens upon a woman's fundamental right to make procreative decisions free from governmental interference. Indeed, a constitutional challenge on such grounds is already under way in New Jersey, one of the several states that recently adopted one type of child exclusion provision by the PRA -- a denial of additional benefits for a child born while his or her mother is on AFDC.

Similarly, the exclusion of children whose paternity has not been established also penalizes children for circumstances entirely out of their control. It also ignores the difficult circumstances which poor mothers face in seeking to establish paternity, including the threat of domestic violence. In addition, even the most vigorous child support enforcement program cannot wholly alleviate child poverty. Many fathers are themselves impoverished and lack the resources to support their children at a level that would bring them out of poverty.

The PRA tries to achieve welfare reform without increasing any federal expenditures. In actuality, the PRA achieves these ends only by shifting costs and programs to the states. The Act caps the spending growth of several major welfare programs and ends the "entitlement" status of a number of programs, including state entitlement to matching funds. These spending caps would subject assistance programs to the vagaries of the annual appropriation process. Whether states opt to stay in the

AFDC program or take the route of block grants, the PRA will afford states both the authority and the incentive to make significant reductions in funding of programs and coverage, triggering such likely consequences as waiting lists and suspended benefits. Such measures will exacerbate, not alleviate poverty.

It is unrealistic to try to achieve welfare reform without talking about increases in expenditures. As the debate about the Clinton plan already reveals, ending poverty requires significant "human resources" investment in job training and job creation, child care, education and the like. The PRA would do little or nothing to address these needs, and instead would impose work requirements vastly exceeding those of any state-tested programs. These requirements are likely to deprive children living at home with only one parent of virtually any parental care even during the time that they receive AFDC.

Legislation like the PRA fails to grapple with the real problems contributing to poverty in America: the impact upon women and children of plummeting real wage levels, the consignment of women to low-wage jobs, and the impact upon poor women and men of structural employment linked to broader changes at the national and international level in the economy and in the labor market. Exclusive focus on "personal responsibility" ignores these structural factors contributing to poverty, as well as our collective responsibility to provide a social safety net to obviate against recurring and inevitable poverty.

The goal of real welfare reform should be directed toward ending poverty, not welfare. The solution is not to remove the social safety net, endanger the lives and health of millions of children, and demonize and punish their caretakers. We urge Congress to accept its responsibility to work for meaningful welfare reform.

This Statement of Concern was prepared by Matthew Diller, Fordham U. School of Law, Martha Albertson Fineman, Columbia U. School of Law, Linda C. McClain, Hofstra U. School of Law, and Kendall Thomas, Columbia U. School of Law.

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(Institutions are listed for identification purposes only. Accordingly, this statement reflects the views of its individual signatories, and not the institutions with which they are affiliated.)

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STATEMENT OF RAYMOND CEBULA AND LINDA LANDRY DISABILITY LAW CENTER

The following comments are provided by Raymond Cebula, Senior Staff Attorney and Linda Landry, Staff Attorney of the Disability Law Center, Boston, Massachusetts. The Law Center, through its Disability Benefits Project, provides technical advice and support to the private and public bars of Massachusetts engaged in the practice of SSI and Social Security law and has acted in this capacity since 1983. The Project's staff members have cumulatively practiced in the areas of SSI and Social Security law for approximately twenty-five years and are recognized experts in this area. The comments will address the SSI program generally and then turn to brief discussions of the SSI program and its relationship to children, legal immigrants and individuals disabled due to a substance abuse impairment.

SSI is a federal program administered by the Social Security Administration that provides income assistance to low-income elderly, blind and disabled individuals. The SSI program was created in 1972 to provide uniform national standards of eligibility and to replace state programs that provided disparate assistance to the elderly, blind and disabled. In Massachusetts, some 150,000 individuals receive some amount of SSI. As Massachusetts provides a state supplemental payment, not all SSI recipients receive federal cash payments. The 1995 maximum monthly benefit paid to a Massachusetts individual, by category of eligibility is: \$586.82 (aged), \$572.39 (disabled), and \$607.74 (blind).

Although SSI helps to reduce the effects of poverty, it does not lift eligible individuals from poverty. While originally intended to reach to poverty threshold, federal payments provide amounts sufficient to meet only 75% of the current, individual poverty level. Despite the Massachusetts state supplemental payment, SSI recipients are forced to continue to live with income below the poverty level.

SSI BENEFITS AND DISABILITY DUE TO A SUBSTANCE ABUSE IMPAIRMENT

SSI eligibility is afforded to individuals disabled due to a substance abuse impairment if those individuals meet the medical criteria set forth by the Secretary. These individuals are also required, by federal statute, to receive SSI payments through a representative payee and to actively participate in appropriate treatment. Most recently, the 103rd Congress has limited SSI payments to this group of beneficiaries for a maximum of 36 months over the beneficiary's life time, whether or not treatment is available.

It is important to note that an individual is not disabled because that individual abuses legal or illegal substances. The individual is determined to be disabled by looking to other physical or mental impairments. For instance, an alcoholic will not be determined to be disabled because she drinks, but may be determined to be disabled because her liver function has deteriorated to an extent considered disabling by the Secretary. As a result, a person with a history of alcohol abuse may be disabled for reasons apart from the alcohol abuse.

The requirement that an SSI recipient engage in treatment has long been a part of the SSI program; however, one that SSA has lackadaisically enforced. Massachusetts has experienced a dramatic increase in the rate of enforcement during the last calendar year. SSI recipients are being evaluated and successfully referred to treatment programs as treatment slots become available. As a result, many SSI recipients are now receiving the treatment that

they are not only required to comply with but need to enable them to become independent of benefits.

While we feel that the SSI program for individuals disabled due to a substance abuse impairment is sufficiently restrictive, we are concerned with Congress' decision to limit benefits to a 36 month period whether or not treatment is available. In order for a treatment requirement to be meaningful, treatment must be available. It is important to remember that while Congress has put several restrictions on this program, it provided no extra funding for the treatment that it was requiring. The incredibly small number of treatment slots and the resultant wait lists for placement add to the punitive nature of the SSI 36 month limit. Congress should act to allow SSI recipients the same consideration of treatment needs and realities that it has allowed SSDI recipients. The 36 month restriction should apply only in situations where treatment is available to those in need.

THE SSI PROGRAM FOR CHILDREN IS A PROGRAM THAT WORKS

The purpose of the SSI program is to provide income for basic needs for persons with low income who are aged, disabled or blind. The SSI program works for children and their families because it promotes work and family stability and encourages low income families to stay together and care for their disabled or blind children at home. Families raising children with significant physical, developmental or mental disabilities frequently have both higher expenses and less income to meet those expenses.

The care and treatment needs of a disabled child frequently require a parent to remain at home or to work part-time outside the home, decreasing available family income for basic food clothing and shelter needs. The care and treatment needs may be medical or may simply be the increased time a parent needs to spend helping the child to learn school work, to be self sufficient or to gain social skills. Specially trained child care is hard to find or too expensive for low income families, and children with severe emotional or behavioral problems are often hard to place or retain in child care. Further, the realities of the workplace are such that parents who must frequently take time off from work to care for sick children, take children for treatment, or attend school or treatment conferences will often find themselves involuntarily unemployed. This is especially true for parents working at the lower end of the economic scale, where there is typically less flexibility in work schedules and less tolerance of absences. Other parents have decreased ability to move up the economic ladder by changing jobs because they need to protect current health benefits or remain in a school district or area that has the necessary services for their child.

In the face of decreased earning potential to meet basic needs, parents of disabled children also face increased costs. These may include increased utility and telephone bills, increased transportation expenses, higher child care costs, specially adapted clothing, toys and learning materials, home modifications, copayments and deductibles for medical treatment, and over-the-counter items not covered by insurance, such as diapers for older children, wigs, special diets, special creams for skin conditions, etc. It is impossible to come up with a complete list because the needs of children with severe disabilities are so varied and complex. Parents, either alone or working with treatment providers, are in the best position to recognize what a child needs to maximize function and potential and to provide for it with the least amount of delay. Further, experience has shown that it is always expensive in dollar terms and usually expensive in human terms to try to replace family care.

CASH BENEFITS ARE NECESSARY TO FAMILIES WITH DISABLED CHILDREN

The SSI cash benefit program is a well-designed program that both

allows parents to determine and meet the needs of their children with disabilities and provides the benefits on a sliding scale. The program takes parental income into account in determining the amount of the child's benefit, so that the lowest income families, those that need some additional income to meet basic necessities and stabilize family life, receive the largest cash benefit. There is also growing evidence of the correlation between poverty and certain disabilities, e.g., poor living conditions and respiratory impairments, and poor nutrition and cognitive impairments. The cash benefit helps poor families provide for such basic necessities. As parental income increases and more money is available for basic needs, the cash benefit decreases. The following are examples of the impact of a child with severe disabilities on low income families and how those families have used the cash benefit to stabilize family life and provide for their disabled children.

The first case involves a young child with a birth defect causing kidney and bladder dysfunction. She lives at home with her mother and siblings. Several surgeries have failed to correct the condition, which causes frequent pain, chronic infections and multiple hospitalizations. The child's care needs create a financial burden and require a lot of care and attention from her mother. Prior to the child's eligibility for SSI benefits, the mother was struggling to both attend to her child's needs and to support her family with income from part-time work as a nurse's aide and some child support. The additional money for this child from the SSI program has meant security for the child and has been a tremendous help to this family.

The second case concerns a family with two young children with severe disabilities. Both children live at home with their mother. One child has severe ADHD requiring multiple medications. Despite the medications, the child has significant problems socially and with school work. The other child has ADHD, has been affected by lead paint poisoning, and is recovering from severe burns to the head and upper body. The burn accident occurred when the mother was cooking and was on the telephone with the other child's doctor. The child has had recurrent infections requiring hospitalization, has had three surgeries and faces at least three more for skin grafts. Both children receive multidisciplinary medical care and also require a lot of care and attention from their mother. When the family received only AFDC, the mother had to juggle payments for rent, food, heat and basic clothing. The SSI income of the children has not only resulted in more security and stability for the children, but has also allowed their mother to better meet their specific functional needs. For example, she has been able to purchase books with tapes to help with reading, flash cards to help with math, art supplies to help with motor coordination, and soft all cotton clothing for the child with burns. She also plans to purchase an air conditioner for the burned child's room because she gets itchy and uncomfortable in the heat of summer. The mother also reports that she can now afford simple things that help foster self-esteem in her children - like a birthday party, a hair cut when it's needed, and better fitting clothes. She says that her children are making progress.

THERE IS NO EVIDENCE THAT GROWTH IN THE SSI PROGRAM FOR CHILDREN IS DUE TO FRAUD OR ALLOWANCES FOR MINOR IMPAIRMENTS

Although stories continue to circulate that the SSI disability standard for children is easily met and manipulated, this is simply not the case. Children do not qualify for minor problems solely on the basis of behavior or on reports from nonprofessionals. A child must present medical documentation from a doctor that shows severe physical or mental impairments to begin the disability review process. Then, information from a variety of other sources who have observed the child function over a period of time may be considered to help determine the extent of impairment. Children do not qualify just because their behavior is not entirely age

appropriate. Only significant deviations from age-appropriate functioning in multiple areas of average childhood functioning will result in eligibility. The review system, which includes agency doctors, is designed to weed out claims for minor problems or cases in which applicants try to game the system. Persons who have gotten a different message will see their applications denied. This is borne out by the fact that about 50% of the applications are denied nationally. Further, the Social Security Administration's Quality Assurance reviews of allowances in this program have shown that only 6% contained errors of any kind, and only 2% were allowances that should have been denials, a rate comparable to adult allowance errors.

Although allegations that parents have been coaching children to appear disabled have received much attention, there is no evidence that any child has qualified for SSI for this reason. SSA has conducted the only thorough, objective investigation of these allegations. The report, documenting review of 617 school-related behavior disorder allowances and denials, is entitled, Findings from the Study of Title XVI Childhood Disability Claims, May 1994. Possible coaching was found in only 13 of the 617 cases reviewed. Of the 13, 10 were denials and 3 were allowances, with all three grounded upon independent non-coaching related bases for the awards. Not one case was allowed on the basis of even "possible" coaching.

The reasons for the increase in the SSI program for children since 1990 are more varied than have been reported. The U.S. General Accounting Office in its report, Rapid Rise in Children on SSI Disability Rolls Follows New Regulations, September 1994, (GAO HEHS 94-225), found that only 30% of the increase was due to the individualized functional assessment added by the U.S. Supreme Court's 1990 decision in Zebley. 70% of the increase is due to children meeting the more restrictive medical standards in SSA's listings of impairments. Prior to Zebley, the childhood disability analysis stopped with the listing of impairments. The problem with a definitive listing of disabling impairments is that it will always be out of date and incomplete. Some of the increase in the SSI program for children includes children belatedly qualifying with such severe disabilities as cystic fibrosis and muscular dystrophy who were denied pre Zebley because their disabilities did not specifically match any on the list. Some of the increase is also due to the fact that several of the listings have been recently updated and revised. Other reasons for the increase include an outreach program by SSA, and a rise in the number of children living in poverty, increasing the number of disabled children who are financially eligible for SSI.

Congress should not act in haste to cut this beneficial and well designed program. The program already has regulatory mechanisms in place that could be used to address some of the alleged problems. Children receive their SSI cash benefits through a representative payee, usually a parent, who must spend the money in their best interest and account for it. If there is real concern that SSI benefits are being misused, SSA could increase its oversight and instructions to representative payees. SSA is also required to conduct continuing disability reviews at intervals that vary with how long the child's disability is likely to last. SSA has already committed to conducting continuing disability reviews in the SSI program for children. Finally, the Social Security Administrative Reform Act of 1994 required SSA to appoint a commission to study the SSI program for children and provide a report of its recommendations by Fall 1995. Congress should at least wait for the study report before making any changes in this program. To do otherwise risks allowing rumor an innuendo to dictate federal policy.

CUTTING BENEFITS FOR LEGAL ALIENS WILL NOT SIGNIFICANTLY REDUCE FEDERAL SPENDING

The entire SSI program represents only 3% of federal entitlement spending and only 1.6% of total federal spending. Only 1% of SSI recipients are legal aliens (illegal aliens are not eligible for the SSI program). One-third of the SSI recipients who are legal aliens are refugees or other immigrants escaping repressive governments such as those of Laos, Vietnam, Romania, and Cuba. Therefore, cutting benefits to legal aliens will have very little impact on reducing total federal spending. It will, however, eliminate cash assistance to the most vulnerable elderly and disabled, including persons who work, often in the heaviest, most dangerous jobs, pay taxes, and become disabled after they come to the U.S.

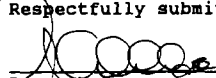
Further, Congress has already reduced SSI eligibility for legal aliens. Despite 1990 census data showing that immigrants who come to reunite with family members use public assistance at lower rates than natives, Congress last year increased from 3 to 5 years the period during which the income and resources of an immigrant's sponsor can reduce or prevent SSI eligibility. Further cutting of SSI eligibility for legal immigrants feeds the myth that immigrants are abusing the SSI program and amounts to scapegoating.

CONCLUSION

1. The SSI benefits paid to individuals disabled due to a substance abuse impairment have been sufficiently restricted and conditioned to allow Congress to feel comfort in its expenditures. In fact, the major issue to be dealt with by this Congress should be the lack of available treatment for this population.
2. Internal SSA and GAO studies have proven that the rumors concerning the children's SSI program are not overblown and unfounded. Concerns of parent coaching and benefits awards for minor behavior problems must be seen as the isolated instances they are and should not be the basis of federal policy. Congress should act to rebuild the public's confidence in this beneficial program rather than succumb to the rumor mill.
3. Eliminating benefits to legal aliens will not save sufficient funds to make any impact on the federal or SSI budget.
4. Congress must look to the SSI program's work incentive provisions in order to find an effective means of moving recipients from benefits to financial independence. The SSI work incentive program is a great model of the gradual transition needed by disabled individuals. Unfortunately, only a very small number of SSI recipients are participating due to a lack of awareness on the part of the public of the existence of the program. Congressional affirmance of this program with instructions to SSA for new outreach and emphasis will produce results far superior to the slash and burn methods being proposed.

Thank you for considering these comments during your deliberations.

Respectfully submitted,


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WRITTEN STATEMENT OF LOU ANN BASSAN

SUBMITTED FOR THE RECORD TO
THE SUBCOMMITTEE ON HUMAN RESOURCES,
COMMITTEE ON WAYS AND MEANS,
U.S. HOUSE OF REPRESENTATIVES

ON THE SUBJECT OF WELFARE REFORM AND
THE PERSONAL RESPONSIBILITY ACT AND THE FAMILY REINFORCEMENT ACT

Jan. 28, 1995

Phillip D. Moseley, Chief of Staff
Committee on Ways & Means
Subcommittee on Human Resources
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

Dear Committee Members,

I am Lou Ann Bassan, attorney, fathers' rights advocate and publisher of Family Law Reform News. Please accept this as a formal/written request to provide me with a copy of the Hearing Record including my written testimony.

This statement is submitted on behalf of fathers in America who have been degraded from "father" to "visitor", with their only role being to provide financial child support. Governmental and societal forces have driven fathers out of the lives of their children with catastrophic results. We can no longer neglect the importance of fatherhood.

The Personal Responsibility Act intends to discourage illegitimacy by prohibiting welfare to minor mothers and denying increased AFDC for additional children while on welfare, cut spending for welfare programs, enact a two-year cap with work requirements to promote individual responsibility, and place children in orphanages if mothers are not financially responsible. The Family Reinforcement Act calls for greater child support enforcement, and other ideas.

These proposals are missing the mark. A great natural resource is being overlooked: FATHERS. Children should be placed with fathers before costly orphanages are considered.

Females will not stop having babies as long as payments are guaranteed from one source or the other, and as long as they are not held responsible. The prime motivating factor is money: either welfare benefits from the government or child support payments from the father.

The most important concept that this Congress can enact is that of an economic safeharbor for children. A child needs to be in the custody of that parent who is most financially capable of caring for him. Awarding custody of children to the parent most economically viable would result in an elimination of child support arrearages, enforcement bureaucracies (think of the savings to taxpayers!!!), and the ever-increasing and vitriolic hysteria about deadbeat dads and children living in poverty. In California, 13% of recipients of Aid to Families With Dependent Children are divorced mothers with primary custody. If custody was changed to the fathers, these mothers should be ineligible for welfare. That in itself would reduce California's welfare rolls by 13%.

If neither parent is financially sound, the options are adoption or an orphanage.

If both parents are financially capable, we need a national policy mandating equal joint physical and legal custody of children of divorce/separation. Mandatory joint custody is necessary to bring back the fathers into the lives of their children, and to recognize them as fathers, and stop reducing them to the status of visitor and wallet. This acknowledges that a child who has both parents actively involved in his/her life is less at risk for emotional problems, academic failure, substance abuse, teenage pregnancy, gang affiliation, juvenile delinquency, and poverty.

I make the following proposals regarding welfare recipients with this caveat. People, especially females, need to learn that whatever "rights" they have to bear children come with concomitant responsibilities to be able to care for those children. Rights are not absolute or discrete without responsibilities. If mothers don't want to be responsible, or cannot be responsible, then the children need to be removed. Condoning and rewarding females to have children they can't afford, and then allowing them to raise those children in abject poverty, is government sanctioned child abuse.

1a) If an unwed mother under 18 applies for AFDC, custody of the child should automatically be transferred to the father if he has a job. The mother would then be ineligible for AFDC. In the meantime, she could get a job, or the training/education necessary to get a job, without being burdened by child-rearing duties.

1b) If the father (of a baby born to a mother under 18) does not have a job, physical custody of the baby must be shared equally by the parents and their families. In no event should a parent under the age of 18 receive public benefits; they are still children (even if they are parents) and are the responsibility of their parents until age 18. Each family would care for the child while in its custody; there would be no transfer of money in the form of child support. If this is not possible, adoption or an orphanage would be the recourse.

1c) Upon turning 18, if neither parent has a job and can take the responsibility of custody from the family, the child must be placed for adoption or in an orphanage, which would guarantee the child a minimum standard of living. The child could be re-placed with a biological parent as soon as he or she has a job, if the child has not been adopted. This would provide an incentive to either one or both parents to get a job.

The obtaining of a job should not be conditioned on having a "well-paying" job, or "affordable" child care. There are plenty of immigrants who take the lowest level jobs (or two jobs) and work hard to get ahead. Apparently welfare is less demeaning than a low level job to many welfare recipients, which is a slap in the face to those immigrants who pay taxes to support the welfare system. As for affordable day care, parents need to make arrangements -- perhaps with other family members or neighbors -- just as so many of our citizens do. "Affordable" day care is not the taxpayers responsibility. Perhaps every sixth welfare mother could open a day care center to help her sisters.

2a) If an unwed mother over 18 applies for AFDC, custody of the child should automatically be transferred to the father if he has a job. The mother would then be ineligible for AFDC. In the meantime, she could get a job, or the training/education necessary to get a job, without being burdened by child-rearing duties.

2b) If neither the father nor the mother has a job, the child should be placed for adoption or in an orphanage, which would guarantee the child a minimum standard of living. The child could be re-placed with a biological parent as soon as he or she has a job. Again, this would provide an incentive to either one or both parents to get a job.

3) AFDC should be replaced by "Child Support Loans", similar to student loans. The loan would require cosigning by both parents, and both parents would be equally responsible for repayment of the loan. The loan would be available only once, ie, for the first child, and it would be capped at a fixed amount. There would not be any additional funds available for subsequent children. After all, other citizens who have children do not receive additional moneys from some source for having additional babies.

4a) Assuming some form of AFDC remains, a parent applying for benefits must prove that he or she has physical custody of the child in excess of 80% of the time (ie, at least 134.4 hours per week).

4b) AFDC must be capped. Two years has been suggested. Six months seems more appropriate.

Enforcement of child support is often touted as the solution to the welfare crisis. The welfare crisis is commonly confused with the issue of child support. Payment of child support is a major public policy concern, and the enforcement mechanisms are consuming ever-greater amounts of tax dollars. Yet, the effect is negligible: unwed births continue to soar, as do rates of juvenile delinquency, largely attributable to single-parent households headed by women. These fatherless households perpetuate the cycle of teenage motherhood. A public policy of endorsing joint custody is a prudent financial solution.

Turning our attention to non-welfare cases, I have the following suggestions:

5) The concept of an "economic safe harbor for children" would entail placing the child with the parent most capable and willing to assume the economic well-being of the child. Presumably, this would mean awarding custody to fathers in a far greater proportion than currently. The result would be an incentive to increase economic productivity on the part of both parents, which would reverse the current trend for both parents to decrease economic productivity until after the children attain the age of majority. For example, the mother may return to school and/or go to work and have more time for opportunities apart from child rearing. This can only lead to greater self-reliance and economic productivity and increased tax coffers.

The custodial parent currently has an incentive to financially exploit the noncustodial parent; the noncustodial parent resents being seen only as Mr. Moneybags, and accordingly his incentive decreases. With a rise in economic productivity we should see a rise in income tax collection from both parties.

6) Financial child support must be the responsibility of both parents. Financial child support awards should be assigned equally. Child support awards should be based on the actual costs of raising a child (for example, using AFDC amounts or the Lino study from the U.S. Department of Agriculture), rather than on Espenshade's study of average expenditures in intact families or on ability to earn. For example, if the necessary amount for one child is \$330, then each parent should be responsible for 50%, or \$165. A parent who is unable to provide \$165 per month should be conclusively presumed an unfit parent.

7a) There should be a federal preference for, or a mandate of, a presumption of joint custody if both parents have jobs. If only one parent has a job, that parent should automatically receive custody. One parent cannot have the luxury of staying home and not having a job. The nuclear family, with Dad as the breadwinner and Mom staying home is no longer the norm; approximately 10% of families fit into this category. This certainly should not be the norm for divorced or unwed families.

7b) Joint custody on a national level would help to promote

equality in post-divorce relationships, in keeping with the United States' equality movement of the past 50 years. The cost to government, if any, would be minor. At least 38 states have legislated joint custody, and 13 endorse a "preference" and/or "rebuttable presumption." The mobility of the population stresses the need for nationwide uniformity, and it would curtail jurisdiction shopping to seek or avoid joint custody.

Joint custody provides an example of problem-solving between the sexes and the courts in demonstrating that equality can prevail and that the courts and the government will not be used to discourage a parent's relationship with his child.

7c) Virtually every state law contains the policy directive that a minor child's frequent and continuing contact with both parents is in the child's best interests. This is the least drastic change for the child after divorce or separation and most mirrors the way things were before the divorce or separation.

Children raised by both parents sharing joint custody enjoy greater emotional, physical and psychological health, and perform better academically. A child benefits from knowing that both parents are interested in his well-being and companionship. A child raised by both parents is spared the tremendous guilt of having to choose or state a preference in court between his parents.

Children in joint custody arrangements can enjoy twice the good things in life: two bedrooms, two sets of toys, two wardrobes, two sets of friends, two sets of pets. Nurturing comes from two families, instead of just one.

In California, about 80% of all custody cases result in a decree of joint custody. Of the remaining hotly contested 20%, sole custody is awarded to the mother in 94% of the cases. A national preference for joint custody should result in less litigation of custody cases, which would realize substantial savings to the taxpayers.

As long as sole custody is an easy option, certain parents will choose to fight for sole custody and to exclude the other parent from the child's life as much as possible, resulting in a "parentectomy." A child has a right to both parents, and each parent has a right to raise his child, without the state or federal government stepping in and condoning and supporting single parenthood. Children need the love and role models that each parent provides, and a single parent usually cannot do both, and should not try to do both. Joint custody would reduce the frustrations of single parenthood that foment abuse. Exhausted, entrapped single parents run a greater risk of abusing a child. Interestingly, statistics show that women commit child abuse more often as men.

Joint custody should be decreed at the outset of divorce or separation, so as to curtail the "race to the courthouse steps" to achieve an early, though temporary, decree of sole custody while delaying an eventual custody trial at which the parent with temporary sole custody can plead that there is no "change of circumstances" warranting disruption of the existing custody arrangement. And, if there was a preference for joint custody, few parents would reach the trial level.

7d) Non-Cooperation should not negate joint custody. Joint custody is not for the convenience of the parents, rather, it is for the best interests of the children. Certainly, cooperation between parents is preferred, but is not categorically essential. Logistically, dual households can be difficult to manage. Mediation may be necessary to teach parents how to implement joint custody arrangements.

When "failure to cooperate" or "ongoing animosity" is touted as a reason not to decree joint custody, this can inspire a

recalcitrant parent to purposefully refuse to cooperate or to be excessively hostile in hopes of achieving sole custody.

8) At the very least, every state should be required to enforce custody and visitation orders. The federal government should be advocating a child's frequent and continuing contact with both parents, and emphasizing the responsibility that each parent has for raising that child in terms of emotional, physical, spiritual and financial support.

The United States Census Bureau reported in 1991 that 90.2% of fathers with joint custody paid the support due; 79.1% of fathers with ample visitation paid the support due; however, less than half of the fathers who were denied either joint custody or ample visitation paid the support due. This statistic shows that fathers do care about their relationship with their children. The federal government should endorse the concept that the most important support a parent can give is being there.

According to a 1991 DHSS report, fathers are much better at paying child support than are mothers (in the rare instances when fathers get custody): 61% of non-custodial fathers pay some level of support (not necessarily the total amount owed). The comparable figure for non-custodial mothers is only 20%. Almost 47% of non-custodial mothers default on support compared with the 27% of fathers who default.

For those parents without joint custody, the government should facilitate enforceable visitation with as much effort as is currently applied to the collection of child support. And, the Federal parent locator system that is currently used only to locate delinquent parents should be equally accessible by noncustodial parents so that they may locate their missing children.

9) Juvenile delinquency is a major public policy concern. The prime factor contributing to spiraling juvenile delinquency is the absence of a father -- and not racial prejudice or poverty. Children need role models of both parents -- even if the parents are no longer married. Children need the security of knowing both parents are there -- even if in a different home. Children should not have to turn to gangs as a substitute family.

Approximately 90% of juvenile delinquents were raised in single parent homes, with the single parents usually being mothers. Decreasing the juvenile delinquency rate would result in substantial tax savings by reducing the need for trials, public defenders, prisons, and rehabilitation. The best parent is both parents, even if they don't live in the same home. Joint custody would yield more productive citizens, thereby increasing the tax coffers.

The Federal government must promote a policy of recognizing the importance of fathers, so that more children benefit from the special relationship of TWO parents who care for them and are actively involved in their lives. Lets take a look at some statistics showing the effect the ABSENCE of a father has on the nearly 22% of American children in fatherless households:

- * 63% of youth suicides are from fatherless homes
(Source: U.S. D.H.H.S., Bureau of the Census)
- * 90% of all homeless and runaway children are from fatherless homes
(Source: U.S. D.H.H.S., Bureau of the Census)
- * 85% of all children that exhibit behavioral disorders come from fatherless homes
(Source: Center for Disease Control)
- * 80% of rapists motivated with displaced anger come from fatherless homes
(Source: Criminal Justice & Behavior, Vol 14, p. 403-26, 1978.)
- * 71% of all high school dropouts come from fatherless homes

(Source: National Principals Association Report on the State of High Schools.)

- * 75% of all adolescent patients in chemical abuse centers come from fatherless homes
(Source: Rainbows for all God's Children.)
- * 70% of juveniles in state-operated institutions come from fatherless homes
(Source: U.S. Dept. of Justice, Special Report, Sept 1988)
- * 85% of all youths sitting in prisons grew up in a fatherless home
(Source: Fulton Co. Georgia jail populations, Texas Dept. of Corrections 1992)

These statistics translate to mean that children from a fatherless home are:

- * 5 times more likely to commit suicide.
- * 32 times more likely to run away.
- * 20 times more likely to have behavioral disorders.
- * 14 times more likely to commit rape
- * 9 times more likely to drop out of high school.
- * 10 times more likely to abuse chemical substances.
- * 9 times more likely to end up in a state-operated institution.
- * 20 times more like to end up in prison.

10) The Federal criminalization of child support arrearages must stop. If the government continues to turn child support delinquencies into federal criminal cases, then interference with visitation/access should be classified exactly as child support delinquency, for it is also deprivation to the child of a necessity of life - a relationship with the noncustodial parent. And, frankly, putting an obligor parent in prison makes no sense: he won't be able to earn a wage, his child won't receive support, and his child may be supported by taxpayers at the same time that taxpayers will have to foot the bill for keeping him in prison.

Conclusion

As long as sole custody is an easy option for a financially incapable parent, unmarried women will continue to bear illegitimate children. And, certain other parents will choose to fight for sole custody and to exclude the other parent from the child's life. This trend, with government countenance, is resulting in moral decay in the United States, a breakdown in family values and a change in the definition of "family" as we know it, increasing levels of juvenile delinquency and violent incidences when a parent is confronted with losing the child, and increasing debt burden on taxpayers to support enforcement bureaucracies, prisons, welfare, and litigation.

Enactment of an economic safeharbor for children would result in less need for an expensive, tax-supported enforcement bureaucracy. Parents would be willing to work to keep custody of their children. More children would grow up with both parents and juvenile delinquency would be reduced. The need for orphanages would not be great.

Sincerely,



Lou Ann Bassan

cc: Stuart Miller, American Fathers' Coalition, Washington, D.C.
James Cook, Joint Custody Association, Los Angeles, CA
Dave Whitman, Coalition of Parent Support, Bakersfield, CA
Anne Mitchell, Fathers' Rights and Equality Exchange, Palo Alto, CA
Fred Hayward, Men's Rights, Inc., Sacramento, CA
Terry Lyle, Parents and Children Together, Modesto, CA
David Levy, Children's Rights Council, Washington, D.C.
Patricia Gahlen, Children's Rights Council, Sacramento, CA

Chris Rivers, "Sunset Beacon", San Francisco, CA
 Jim Anderson, Focus: Children and the Other Parent, Salt Lake
 City, Utah
 Kenneth Skilling, Fathers for Virginia, Alexandria, VA
 Bob Karls, Dads Against Discrimination, Seattle, WA
 Frank Zepezauer, Men's Defense Association, Sunnyvale, CA
 Roger Gay

January 30, 1995

Committee on Ways and Means
Subcommittee on Human Resources
U.S. House of Representatives
1102 Longworth House Office Building
Washington D.C. 20515

Dear Chairman and Honorable Members of the Subcommittee on Human Resources:

Thank you for the opportunity to contribute to this extremely important discussion on welfare reform. The pursuit of welfare reform and equity in this society are not easy topics to succinctly address. As one of the oldest social services organizations in the Western United States, we at Family Service Agency of San Francisco (FSA/SF) would like to share our history, experience, program success and concerns about the "villainization" of social welfare recipients, proposed elimination of benefits and the consolidation of federal funds into block grants for states. We will particularly speak to concerns about funding for teen pregnancy intervention and prevention programs -- an area that these days seems to be awash in myth and rhetoric -- and provide some education about who these teens really are and what factors need to be addressed before we talk about punitive measures to decrease teen pregnancy.

Family Service Agency of San Francisco was founded in 1889 to serve orphans. In the Victorian era, the agency provided alms to the poor. In the early 1900s the agency provided post earthquake relief and set up the adoption and foster care service systems for the city of San Francisco.

Advocacy programs aimed at preventing the very problems the agency is simultaneously addressing have been an integral part of what we do since 1909 when FSA/SF advocated for the establishment of well-baby clinics and against child labor. In the 1920s as FSA took on more responsibility for social service programs, we began to contract with federal, state and city governments to provide needed services while we continued to fundraise to support preventive services.

Today, FSA/SF is one of the City's largest nonprofit human service organizations. Through eighteen dynamic programs, we work with the poor, children and youth, the abused, the homeless, the neglected, the mentally ill, the disabled, the aging and the family in crisis.

We believe strongly all service programs must encompass a wide range of tactics including direct service, advocacy, prevention, community organizing, rehabilitation and linkage or cooperative efforts with the network of system providers. We have found this to be the best way to develop self-esteem, foster independence and sustain growth among our clients.

Our programs are diverse, but what is constant across the continuum of services is a belief that families are the building blocks of our society and that healthy families create both functional individuals and a functional society. Conversely, dysfunctional families create dysfunctional communities and dysfunctional societies. Today, we think it's fair to say that our building blocks are crumbling. Nationally and locally families are in trouble. Despite the achievements of modern technologies, American families typically have less time to devote to supervision, education, and nurturing of their children than they did two decades ago.

It is ironic that prevention programs are the ones most often targeted for elimination of funds. There is a story you may have heard about a group of people on a riverbank who see a child struggling in the middle of a river. One in the group dives in and brings the child ashore. A few minutes later, they see another child in the river and another person jumps in to

save that child. Then they see two more and they all jump in to help. Suddenly, one person struggles out of the river and starts running up the bank. An adult in the water shouts "why are you leaving we need your help!" The person shouts back "I'm going upriver to stop whoever it is who is throwing these kids in the river."

Our experience has taught prevention education and early intervention are critical for the success of many programs. Teen pregnancy, violent crime among youths, poverty, homelessness and lack of education feed upon each other to destabilize families and communities. Providing service to clients early on and providing them with prevention education goes a long way toward rebuilding self-esteem and stabilizing their lives.

We have found this to be particularly true in the instance of teen pregnancy. Our Teenage Pregnancy and Parenting Project (TAPP) is a national model for comprehensive case management, child development and parenting skills training for pregnant and parenting teens. Our goals include ensuring healthy births and continued immunizations, building a decent future for both teen moms and dads by encouraging them to stay in school or at work and preventing repeat births. We have had success in these goals through the development and administration of several programs that work together to incorporate prevention and continuing intervention options into the lives of these young parents in an effort to keep families together and to promote healing and wellness. Our T-RAPP, Teenage Resources to Achieve Pregnancy Prevention, is designed to reduce myths regarding teenage pregnancy and teach students the reality of teenage parenting through the use of peer counselors.

TAPP has provided services since 1981. Implemented by the Family Service Agency of San Francisco and coordinated by the San Francisco Unified School District, TAPP is an interagency comprehensive service-delivery system that employs case managers who are called continuous counselors. The Project offers youth a range of programs; however, all programs include a relationship with a continuous counselor that lasts for up to three years or until the client is nineteen years old.

TAPP was designed to remedy service gaps in San Francisco by establishing a community-based network of specialized services reflecting the educational, psychosocial and clinical needs of pregnant and parenting teens, both male and female. The primary feature of the TAPP Project was case management, including repetitive counseling of individual teenagers and coordination of agencies offering services to teenagers.

The TAPP Project is effective. Compared with national and local norms, TAPP clients have fewer repeat pregnancies (2 percent and 10 percent at one to two years postpartum, respectively, compared with the national average of between 40 percent and 67 percent at two years), stay in school for a longer period after delivery (67 percent enrolled one year after birth compared with 20 percent nationally), and fewer low-birth weight infants (10.8 percent compared with 14.1 percent for San Francisco teenagers).

A primary goal of the TAPP project is to improve the health and welfare of babies born to teens. Birthweight is an important indicator of the health status and care of the mother and fetus during pregnancy. Low birth weight (<2500 g at birth) is a serious risk factor for morbidity, mortality and developmental delay of the baby. Infants of teen mothers are more likely to be of low birth weight than those born to mothers in their 20s. Low birth weight babies are more likely to present difficulties in parenting to any age parent, but risks are particularly high for teens, whose parenting performance is generally poorer than that of older mothers. An independent study conducted by professionals from the Institute for Health Policy Studies indicated that the birth weights of babies born to teens in TAPP are significantly higher than those of similar teens in San Francisco. Participation in the TAPP program prior to birth is more strongly associated with better birth weight outcomes than any other patient characteristic used in the model. (Korenbrodt, C., Ph.D.; Showstack, J., M.P.H.; et. al.: *Journal of Adolescent Health Care*: 1989.)

The Institute study also stated that:

"... better nutrition may well have contributed to the effects of TAPP birth weights. TAPP provided a nutrition counselor to patients, and the Pregnant Minor School program provided breakfast and lunch to 47 percent of its enrollees. Furthermore, Tapp counselors actively encouraged the participation of eligible teens in the federal Special Supplemental Food Program for Women, Infants, and Children (WIC)."

The study went on to say:

"... our evaluation suggest a positive health impact of the TAPP social service project and its associated School for Pregnant Minors. Although the project itself was not directly associated with any particular clinical provider, health outcomes were better for patients with individual repetitive counseling and a coordination of health, psychosocial, educational, and nutritional services by social workers and allied health professionals. Continuity of care, assured by the assignment of a single case manager to patient, and quality of care, assured by imposing a caseload limit of 35 patients per case manager, probably contributed to the impact of the program. The special efforts of the program to reduce interagency barriers to pregnant teens is also a strength of the program. One major accomplishment was ensuring that pregnant teens received risk points that lowered their chances of being reconciled to a position on the waiting list of the local WIC program. The Tapp program model bears replication to understand the generalizability of its result to other teen populations."

The effectiveness of TAPP was prompted California to pass its own version of the Family Life Act to promote the development of comprehensive teenage pregnancy and parenting services on a statewide basis.

We all need to accept the reality that there is no one quick fix to the problems facing families in the United States today. Additionally, we all need to understand that punishing children and families at risk for their decline into poverty has come to exemplify Darwinian theory at its worst, and serves no useful purpose.

The discussion surrounding important topics such as teen pregnancy and prevention should be focused on the real causes of this predicament such as child abuse, sexual abuse, generations of poverty, the decimation of self-esteem, substance abuse, a lack of life options and information, and physical violence -- not the moral character of the parents. We need to hold an intelligent and informed discussion if we are to begin to address causes and work toward realistic solutions. The facts about teen pregnancy and federal funding are as follows:

- According to 1992 statistics, only eight percent of AFDC children lived in families headed by teen parents, while 80 percent of children lived in families headed by mothers in their twenties and thirties.
- Prevention and intervention programs are working and teen births are dropping. According to the Centers for Disease Control (CDC) in 1992 the teen birth rate dropped significantly.
- While out-of-wedlock teen births have increased, out-of-wedlock births to women in their twenties has increased much faster. Teen births have dropped from half of all out-of-wedlock births in 1970 to just 30 percent of out-of-wedlock births in 1990.
- A vast majority of teen parents are not on welfare. Only 30 percent of teen mothers go on welfare within three years of the birth of their children.
- Few welfare recipients are teen mothers and those that are, are older teens. Only 1.2 percent of all AFDC mothers are minor parents.

- The gender of a parent is a much greater single contributing factor to poverty than the age of the mother.
- Many teen parents have a history of physical or sexual abuse. One important study found that 60 percent of teen mothers had been raped or sexually molested; 64 percent had been physically abused.
- Forcing a teen parent into an institutional setting and splitting up the family is antithetical to family preservation and values. the vast majority of teen parents already reside in the home of families and relatives.
- Female-headed households are not responsible for the rising poverty rates. The percentage of all poor families headed by women had declined since 1990. Yet at the same time, the poverty rate for families has increased from 10.7 percent in 1990 to 11.7 percent in 1992.
- Years of research has shown no linkage between AFDC grant levels and births outside of marriage. Nonmarital births are no more frequent in high benefit states and states with rising grant levels than in states with flat or falling AFDC grants.
- Families receiving Aid to Families with Dependent Children (AFDC) typically have the same number of children as families not receiving welfare benefits. In 1991 more than 70 percent of all AFDC families had two or fewer children. More than 40 percent had only one child.
- The vast majority of all people entering the welfare system (70 percent) leave within two years and 50 percent leave within one year. Only 15 percent of all AFDC clients receive benefits for more than 5 years over the course of their lives, and only 25 percent receive benefits for 10 years or longer.
- Less than 1 percent of the total federal budget funded AFDC in FY 1991. That percentage has remained basically unchanged for the past 10 years. In 1991, the average state spent 2 percent of its revenue on AFDC. Ninety percent of the AFDC budget is spent on benefits, 10 percent on administrative costs.
- The average benefit for an AFDC family in FY 1992 was \$388 monthly, \$4,656 annually. In January 1992, state payments for families of three ranged from \$120 per month in Mississippi to \$924 in Alaska. Even when payments are combined with food stamps, the benefit is below the poverty level in every state (\$11,521 per year for a family of three) and 75 percent below the poverty level in almost four-fifths of the states.
- Mandatory programs such as time limits and workfare do not work well. workfare has produced only modest, if any, increases in employment and earnings, and mandatory programs do not have any greater success than voluntary ones. A recent study of California's GAIN program found that workfare participants earned an average of \$271 more per year than nonparticipants, while receiving \$281 a year less in welfare. A multi-year evaluation of Wisconsin's Learnfare Program, which ties a family's AFDC grant to a child's attendance at school, found that the program failed to improve school attendance or graduation rates. After one year, about 1/3 of Learnfare students had improved their attendance, while more than half showed poorer attendance. Graduation rates were the same for teen participants of Learnshare as those who were not.
- Citing current literature on the importance of post-partum school enrollment related to repeat pregnancy, A study in

the Journal of Adolescent Health Care (Stevens-Simon, M.D., D., Parson, C., Montgomery, C. 1986; 7:191-194) noted the incidence of recidivism and its relationship to school enrollment postpartum was not statistically significant. This study cites two other important studies in the field of teen pregnancy that "suggest that among prenatal program graduates, postpartum school enrollment is not a proxy indicator of future-oriented goals and internal motivation, and hence, alone, is not sufficient to prevent recidivism." Instead, these researchers found that intensified postpartum follow-up services had a stronger impact.
(Sources: Abromovitz, M. and Newdom F., *City Limits*, April 1994; National Association of Social Workers (NASW) News; Pearce, D. and Knearl E., *Women on Poverty Project*)

Our nation's policies contrast sharply with those in most other industrialized nations. Americans view children as the responsibility of the family, yet place little economic value on making the lives of families at risk easier. According to a 1994 report by The Carnegie Corporation, "the nation pays twice -- now, in reduced productivity and increased social disruption, and in the future in a workforce unequal to the demands of the twenty-first century."

Our experience is that it is more cost-effective to include support for programs that prevent serious problems like child abuse or violence along with offering a choice of continuing intervention options. Prevention and continuing intervention do not work independently of each other and to remove the safety net for one type of program jeopardizes the effectiveness of the other. Our agency has been hard hit by government contract freezes, United Way cutbacks and competition for diminishing donations. Put simply, further reduction in federally funding will be devastating to the clients we serve and consequently to the community at large.

As state governors cry for more state options, we as service providers ask for a parallel process of options for our clients. It is our belief that eliminating entitlements and giving states the option to block grant AFDC would divert local revenue now targeted for families in crisis to fill in other state financial gaps or deficits -- decimating the already strained safety net for families in crisis.

Due to existing cuts, right now we have teen mothers who at the end of the month must choose whether to buy diapers or food for their infants because current funding does not meet their basic daily living needs. Reducing or eliminating funds to this population will not stop teen pregnancies, but it will lead to teens giving birth in doorways or other hazardous conditions and significantly delaying prenatal and postnatal medical attention for themselves and their infants, which will only place a greater economic strain on the system.

It is unrealistic to assume that charitable giving and the private sector will be able to step in and fully compensate for the reduction in federal funding. While it is certainly true that public/private partnerships can reduce overall costs for social welfare programs, private charities do not have the capacity to assume responsibility for all programs for the poor.

According to the United Way of America, from 1982 to 1994 there were almost \$42 billion in cuts to federal programs in which nonprofits were affected. After adjusting for inflation, charitable giving only increased enough to make up for 7 percent of the federal funding cuts. Giving to human service charities would have to increase by 114 percent (from \$12.47 billion to \$26.72 billion per year) by 1996 to make up for proposed reductions in welfare program spending.

At the same time federal funding was decreasing, and charitable funding could not increase enough to make up the difference, there was steady growth in need. Evidence of this growth can be found in changes in the fund distribution reports of local United Ways. The result has been an increase in funding for emergency needs with fewer dollars available for education and family support services such as child abuse prevention, pregnancy intervention and prevention, parenting and child care.

The Department of Health and Human Services issued a state by state analysis of the projected impact of the AFDC block grant option in the Personal Responsibility Act (PRA). HHS found that "in most cases, under the block grant provision, states would have received significantly less funding to support their assistance programs than they actually did receive under the current law."

Among the many disturbing aspects of this plan is the number of children who would automatically lose benefits. Specifically, the indication that children of unwed teen mothers would be permanently ineligible for any additional aid. This provision would be a lifetime limit with no exceptions for children or the disabled. Also disturbing is the proposal to deny aid to children whose paternity has not been established by the state, even when the mother has provided sufficient information regarding the father. It is not hard to imagine that the state's establishment of paternity may take months or year's, leaving the child and parent with no safety net.

When all these provisions are combined, more than 5 million children could find themselves suddenly ineligible for assistance. The consequences could lead to increased foster care, homelessness, family break up, and drastically increased child poverty and neglect. We find this completely unacceptable and disturbing -- and we trust you do as well.

In conclusion, we ask that you acknowledge the success of intervention and prevention programs such as those administered by Family Service Agency of San Francisco; that you conduct an intelligent and well-informed discussion about welfare reform, paying close attention to the facts versus the myths; that you seek to understand and know the populations you are discussing; and that you do not risk the reduction of funds and the increase of poverty and keep entitlements in place at the federal level, assuring a range of options for families in crisis.

Thank you for your consideration.

Sincerely,



Charlene Clemens, M.P.A.
Project Director
Teenage Pregnancy and Parenting Project of
Family Service Agency of San Francisco



Joan Pezanoski, M.A., MFCC
Senior Case Manager
Teenage Pregnancy and Parenting Project of
Family Service Agency of San Francisco



Lark Thomas, M.S.W.
Senior Case Manager
Teenage Pregnancy and Parenting Project of
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**TESTIMONY OF LEA HIGASHI
KENT, WASHINGTON**

February 1, 1995

Phillip D. Moseley
Chief of Staff
Committee on Ways and Means
US House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

Thank you, for accepting this testimony. My name is Lea Higashi and I would like offer my testimony let me start with an explanation of how I came to be on public assistance. After 18 years of marriage, I was left to raise 3 small children alone. Since I was used to working and had helped my ex-husband thru numerous career changes and 42 moves, I went out and got a job wrapping popsicles. I was pleased to get a job paying more than minimum wage, until I figured out my expenses. Between transportation, daycare & clothing, I would be earning less than the government established poverty level. Not only would I be gone 12 hours a day, I would drop my children from a "one-parent" family to a "no" parent family with them being raised in daycare. This went against my family values as they were so young.

I also needed back surgery from a car accident before I could work full-time in addition to being a single parent. As my ex-husband stopped paying court-ordered support, I applied for public assistance and attempted to find housing I could afford. (If he paid the support, we would not need public assistance!) I couldn't find housing that I could afford on the \$640 grant I was given. So I moved into a shelter and applied for section 8 housing.

It took 1 1/2 years to receive financial housing assistance. During that time I was trying to get back surgery I needed. As I was concerned about my childrens mental health I stayed in one place rather than move thru several temporary shelters. This meant 4 of us living in a studio apt. For 1 1/2 years. Now we have stable affordable housing, my back surgery was a success and I am ready to start and education process towards getting a job.

I need training so that I can get a job that will pay family wages. A job that will pay for childcare, housing and medical. I am not looking to return to upper-middle-class, at the expense of others. I only want to get off public assistance & live above poverty level so that I don't end up returning to assistance in a years time.

During this time of homelessness, break-up of my 18 year marriage, abandonment of the children by their father, major back surgery and complications & recovery, I have acted in a responsible manner. It has been a struggle, but I have provided emotional, spiritual, educational, moral, responsible: strength, security, growth and teaching for my children.

For the past 18 years I participated in my community and supported my ex-husband in occupations dealing with the public's health, education & well being. (Such as Health Inspector, teaching hazardous waste clean-up, working for the city, county, state & federal governments.) For 18 years I was a decent responsible middle class American. I stood tall in the knowledge that my tax dollars helped provide a safety net to families. Families who, thru unforeseen circumstances needed a hand-up. Now that I need a hand up, I am labeled a deadbeat, lazy, unmotivated, un-willing to work, looking for a free ride, irresponsible, this is not true!

What I need is a time-frame that fits the NEEDS of my family. Not a arbitrary 2-year time limit created by someone who has little understanding of the realities I face. Real Welfare Reform is Jobs, affordable quality childcare, universal health care. And as all our children are important whether born in riches or poverty, not including a family cap. Please don't pass this bill. Work for welfare reform based on why parents turn to "Aid to Families with Dependent Children"

Thank you. If you like I can answer questiona you may have.

Before the:
 Subcommittee on Human Resources
 Committee on Ways and Means
 U.S. House of Representatives
 January 27, 1995

THE PERSONAL RESPONSIBILITY ACT OF 1995
 AND OUR NATION'S CONTRACT WITH OUR IMMIGRANTS

STATEMENT BY JAY MAZUR, PRESIDENT.
 INTERNATIONAL LADIES' GARMENT WORKERS' UNION

Thank you for the opportunity to submit this statement on the impact of the Personal Responsibility Act of 1995 (H.R. 4), on behalf of the 175,000 members and the 125,000 retired members of the International Ladies' Garment Workers' Union. Our members live and work in more than two-thirds of our nation's fifty states, and our retired members live in every state but one. The people we represent earn relatively low wages, producing women's and children's apparel and related products. Our retired members who qualify for pensions receive modest monthly stipends from the ILGWU National Retirement Fund.

We support reform of the welfare system in the United States, but believe change must include comprehensive job creation and wage enhancement strategies. In that way, unemployed and under-employed workers in the United States can end their dependence on welfare without simply displacing currently employed low-wage workers, pushing them into unemployment or under-employment. We do not see the necessary safeguards in the Personal Responsibility Act as drafted.

The pending proposals to put food assistance programs and, possibly, Aid for Families with Dependent Children into block grants do not take into account the increased need for family support in times of economic downturn. Private sector workers, especially those receiving the lowest wages, lose their jobs during recessions as firms downsize, and the corresponding reduction in tax revenues causes reductions in public sector employment. Capped block grants will cause the states to cut back enrollment in benefit programs during recessions, leaving few if any resources available to assist these newly-displaced workers -- taxpayers who have supported the system and now need its support.

One of the most serious concern of the International Ladies' Garment Workers' Union, however, is the proposal to deny the benefits of over 60 federal programs to legal permanent residents of the United States and other non-citizens currently eligible for those benefits -- everything from prenatal care for future American citizens and childhood immunization for immigrant children to Supplemental Security Income for the destitute elderly.

The Personal Responsibility Act would deny benefits to virtually all immigrants, regardless of individual circumstances: no matter why they came to the United States, how long they have lived here or how desperate their need. For example:

Only two categories of immigrants would remain eligible for the listed programs: (1) lawful permanent residents over 75 years of age who have lived in the United States for more than 5 years; and (2) refugees who have lived in the United States for less than 6 years. These represent only a small fraction of the immigrants who are currently eligible for some or all of the benefits barred for all non-citizens in the Personal Responsibility Act.

- A 6-month-old baby who came here legally with his mother would be ineligible for vaccinations against childhood diseases.
- A 7-year-old child, legally present in the United States, would be denied foster care and adoption assistance upon the death of her parents.
- A 23-year-old woman, legally present in the United States, forced to flee her home because of an abusive husband, would be denied job training, child care and other services coordinated by a battered women's shelter.
- A 35-year-old man, granted political asylum here after fleeing torture in his native land resulting from his religious beliefs, would be ineligible to receive canned goods from the food bank run by his local church.
- A 60-year-old woman who immigrated legally when she was 15 years old and who has worked in the United States all her life would be ineligible for Medicaid to treat her serious heart condition.

The International Ladies' Garment Workers' Union counts among our members thousands of legal permanent residents. They, like the rest of our members, work hard and earn little. They, like the rest of our members, contribute a great deal to the United States by, among other things, paying taxes to the federal government and to their state and local governments.

Any illness, loss of a job or stroke of bad luck can send any of our members tumbling. Were they to be made ineligible for federal safety-net programs, such a tumble could well become a free-fall. What before might have been a temporary setback could become a permanent state of affairs. Immigrants, like the rest of us, need to be able to fall back onto federal safety-net programs in bad times, if only to be able to bounce back and resume contributing to support of these programs, through payment of taxes, in good times.

The Center on Budget and Policy Priorities, working with Congressional Budget Office figures, has prepared estimates of the savings available through cutting off legal permanent residents from the 60 public benefit programs listed in the Personal Responsibility Act. The federal government would save a mere 3 percent of the \$900 billion the affected programs would otherwise cost over the next five years. Although the savings to the government would be small, the cost to our immigrant members -- and to this country's relationship with its immigrants -- would be profound indeed. We must not invite immigrants to come to this country, take advantage of their hard work and leave them defenseless when they fall on hard times.

On behalf of the ILGWU, I urge the Congress not to break this country's long-standing "Contract with our Immigrants." Do not cut legal permanent residents out of our Social Contract.

**Statement of the International Union, United Automobile, Aerospace and
Agricultural Implement workers of America (UAW)**

Before the

**Subcommittee on Human Resources
Committee on Ways and Means
U.S. House of Representatives
on
The Personal Responsibility Act**

January 30, 1995

On behalf of over 1.3 million active and retired workers, the International Union, UAW appreciates the opportunity to comment on the proposed Personal Responsibility Act (H.R. 4).

The UAW supports efforts for meaningful change in the welfare system. At the same time, we oppose proposals which negatively impact families in need of assistance.

The Personal Responsibility Act is being promoted as being about welfare reform. But this proposal is not about reform, it is about punishing the poor. It is about denying help to millions of Americans regardless of need or consequence. This proposal is completely void of concern for our nation's poor children, and would result in inflicting further hardships and suffering on our most vulnerable families.

We as caring citizens have a responsibility to help those who are in need. We, as a union, believe in the standard espoused by Hubert Humphrey when he stated that "...the moral test of government is how that government treats those who are in the dawn of life, the children; those who are in the twilight of life, the elderly; and those who are in the shadows of life, the sick, the needy and the handicapped." The Personal Responsibility Act fails this "moral test of government."

Welfare Reform Debate Must Focus On Ending Poverty

Welfare reform offers an opportunity to get at the causes of child and family poverty. Unfortunately, much of the current discussion has not been about ending poverty - it has been about ending welfare.

Talk about ending welfare has revolved around a few common themes. One of them is that people on welfare ought to work. Work and responsibility are among our society's most basic values. We support those values. But we agree with Baltimore's Bishop John Ricard, who chairs the Bishops' committee on violence, when he warns *against false choices between individual responsibility and government spending*. "There has to be personal responsibility," Bishop Ricard said. "We also believe the society has a responsibility for those who cannot care for themselves."

There are not enough decent jobs for everyone who wants to work. If there were, there would not currently be over 12 million Americans struggling to find full-time work. If individuals cannot find jobs, or are unable to work or are working at subsistence wages, then we as a society have a responsibility to help. This includes basic financial support plus education and training, health care, child care and job opportunities, all of which allow people to help themselves and to provide for their families.

Personal Responsibility Act Would Hurt Millions Of Children And Families

The centerpiece of this proposal is to cut welfare rolls by denying needy children and their families assistance. Children born to unmarried parents under age 18 would

be permanently denied AFDC benefits. This would apply retroactively so that children born to unmarried parents prior to the establishment of this ban also would be denied benefits. States would have the option of extending this ban to children born to unmarried parents under age 21.

Benefits would be denied to children born to families already receiving assistance or for whom paternity is not established. Benefits would be denied to children born to parents who were legal immigrants (legal immigrants would be denied benefits under another 59 federal programs as well). Needy families would lose benefits after 5 years, with the states having the option to cut off benefits after 2 years. In either case, families would lose benefits even if parents cannot find jobs.

According to the Center on Budget and Policy Priorities, if this proposal were implemented today, at least half of the 5 million families receiving assistance would be without benefits. What would happen to the children? Under this plan, money would be spent building orphanages and promoting adoptions. Children who could not be cared for would be placed in these orphanages or put up for adoption. Such a proposal is cruel and heartless.

Required Work Below Minimum Wage With No Training Or Child Care

The work requirements proposed are exceptionally stringent. For the families who would still be eligible for assistance, all parents would be required to work 35 hours per week, including parents caring for disabled children and infants. Parents would work at jobs that would pay only about half of the federal minimum wage - or \$85 for 35 hours of work.

There would be no increase in funding for job training and education, nor any requirement that states provide training. In fact, states may be forced to divert funds from existing training programs to pay for the 1.5 million work slots mandated under this proposal.

Completely absent is any provision for child care. If parents are to go to work - or to attend classes - someone else must care for their children. Despite mandated work requirements, there would be no funds available to care for children while parents fulfill their work requirement.

Cutting Funds And Removing Entitlement Status Will Deny Needed Assistance

Still another aspect of this proposal is that overall spending on AFDC, food stamps and a number of other anti-poverty programs would be capped and reduced from current levels. In addition to reducing spending overall, this action would remove the entitlement status from welfare funding and make it discretionary, or subject to the yearly budget process.

Assistance would be given on a first-come, first-served basis instead of helping all who qualify. Families needing help after their state ran out of money would be denied assistance. This proposed change would end the fundamental right to assistance for all who qualify that has been central to our nation's welfare policy since the passage of the Social Security Act.

Removing Federal Standards Will Set Off Race To The Bottom Among States

States could opt out of the federal system and instead receive a fixed annual block grant. Responsibility for assistance to needy families would be shifted totally to the states and standards set at the federal level would not apply. States would have complete flexibility about how to spend the money, who to serve, and how to administer the program. Increasing states' flexibility could set off a race to the bottom, where

states scale back benefits and impose more restrictions to avoid being viewed as being "too generous" toward needy families.

We understand that there have been discussions between Republican members of Congress and Republican governors on modifications to this proposal. The Republican governors want not only a system of block grants, they want no restrictions on their use of federal money, including whether they could cut spending. If states were allowed to cut welfare spending, the "race to the bottom" would be accelerated as states would try to outdo each other not only in providing the lowest benefit, but in dropping needy families from the rolls. An even worse situation would exist if, in addition, states were to follow the requirements on how money can be used outlined under this proposal.

States Must Not Privatize Public Functions

Furthermore, with funds fixed, states would be under pressure to, among other things, cut program administration. States may consider turning certain services or systems over to private companies. When functions are transferred to the private sector, accountability and control are reduced. Private companies are accountable only to their owners, not to residents in the state. Services and systems must be kept within the public sector. By doing so, programs will be more responsive to the needs of poor children and their families and accountable to the community as a whole.

Personal Responsibility Act Fails Moral Test Of Government

As stated at the beginning of our comments, the Personal Responsibility Act fails the moral test of government. It is meanspirited. It will only push poor children and their families deeper into poverty. It completely detracts from the discussion on how to end poverty and to develop meaningful welfare reform. We totally reject this proposal.

Genuine Anti-Poverty Strategy

Welfare reform must be part of a broader anti-poverty strategy. Key elements of that strategy include:

- Economic security for all children. This means guaranteed child support benefits which are set high enough to assure that no child lives in poverty.
- Policies to foster economic growth and the creation of good, well-paying jobs.
- Expanded investments in job training and education, including basic skills training for those who need it, along with opportunities to develop advanced skills.
- An increased minimum wage.
- Further improvements in the Earned Income Tax Credit.
- A refundable children's tax credit.
- Improved unemployment insurance protection.
- Universal coverage through comprehensive health care reform.
- Quality child care for working parents and for parents in training programs.
- Improved access to federal nutrition programs.
- Improved opportunities for adequate housing.

Real welfare reform -- reform which will bring us closer to ending poverty -- is one of the biggest challenges facing our nation. We must marshal the will to meet that challenge.

The UAW appreciates this opportunity to add comments to the discussion on welfare reform. We look forward to working with Members of the Subcommittee on this and other important issues.

**STATEMENT OF CALVIN HILL, CHRISTOPHER JORDAN AND KING WARD
JEWISH COUNCIL ON URBAN AFFAIRS**

Based on a belief that current debate on welfare reform is dominated by perceptions rooted in stereotypes, that have led to proposals to reduce or eliminate, rather than reconstruct public assistance programs, the Jewish Council on Urban Affairs has worked with a team of speakers to combat such stereotypical thinking. The "Beyond the Soundbyte" Speakers Bureau is comprised of single men and women from the Chicago area who have been directly effected by cuts in public aid, particularly General Assistance, an income maintenance program that was eliminated two years ago. Many of the speakers are currently either on "Earnfare", a statewide voluntary employment program, or on Transitional Assistance, a state program for those deemed "unemployable".

The following is a statement prepared by members of the speakers team:

Based on our personal experiences with the public aid system we believe that the welfare system must aim to equip recipients with the skills necessary to move into the workforce. In order to ensure this, we urge that any reform of the welfare system should include:

- A. An apprenticeship program that would train individuals on a job so that they can become free of welfare, and can reenter independent living.
- B. Medical benefits for those in a work program, including coverage for substance abuse treatment, both long and short-term, and services for mental or emotional illnesses.
- C. A living wage for individuals participating in work programs. Illinois' "Earnfare" program currently pays a maximum of \$231 per month. We believe that working people should not live below the poverty level.
- D. A recognition of the fundamental shifts in the labor market. Any work program must offer training and education components that correlate to job availability in the competitive labor market.
- E. Job placement services at the end of training.
- F. Consolidated case management services tailored to individual needs. Some people need more support and guidance than others. To give blanket, general services to all individuals is inefficient and ineffective.

We believe that the confluence of the above items is necessary in order to level the playing field for those caught in the cycle of the welfare system, as well as for those who have simply fallen on hard times. As individuals who have experienced the failings of the public assistance system, we applaud your intention to reform welfare. However, as you do so, we urge you to take time to understand the myriad factors that can prevent an individual from getting out of poverty. In this way alone will you ensure that we have a system that can allow those who are on aid today to compete effectively for jobs in the next century. We do not want a hand-out, we want a leg-up.

STATEMENT BY JOEL M. CARP
SENIOR VICE PRESIDENT
JEWISH FEDERATION OF METROPOLITAN CHICAGO
FOR THE SUBCOMMITTEE ON HUMAN RESOURCES
OF THE
WAYS AND MEANS COMMITTEE
U.S. HOUSE OF REPRESENTATIVES

JANUARY 31, 1995

As the Congress works on welfare reform there are some important facts to consider: No sector of our community is immune from the impact of the long term trends affecting this country's work force, the consequences of the erosion of the buying power of the dollar, or the continuing downsizing by corporate America, despite an upswing in economic conditions.

In Illinois, for example, the real increase in the AFDC caseload is taking place outside of the City of Chicago, in the suburbs and downstate, in places like DuPage County which has one of the highest per capita incomes in the state. The same is true for the Food Stamp program. The monthly grant for a family of three in Illinois, where we have a flat grant system, in Cook County is \$377. This is only 47% of the Standard of Need which the state is required by Federal policy to review and adjust annually. There has been no increase in the monthly grant level for the past several years, despite the annual erosion in the dollar value of the grant because of inflation. The monthly grant is equal to 1/3 of the Federal poverty standard. If you add the value of Food Stamps, then the monthly resources for the AFDC family of three equals 2/3 of the Federal poverty level! AFDC is a children's program: For the last fifteen years in

Illinois [and this is also largely true throughout the U.S.] about 700,000 to 750,000 people have been enrolled in the AFDC program. 450,000 - 500,000 are children under the age of 18 and almost 50% are younger than 6 years old. The typical AFDC family has two children and receives AFDC for 30 months — 2 1/2 years, not for decades. We have also seen statewide increases in the number of homeless families and the number of people requiring emergency food assistance.

The Jewish community in the Chicago area, despite popular mythology, is also not immune from these realities. At the request of the Jewish Federation, Last month the Illinois Department of Public Aid provided us with the results of an analysis of its caseload in geographic areas where our Jewish population is concentrated. We have been doing this analysis periodically since 1981 when we found 152 Jewish cases. In 1984 the number rose to 185, and last month the analysis revealed that there were 456 cases involving Jewish households using various types of welfare services [income maintenance, food stamps, medicaid]. 117 of the Jewish cases were in the suburbs!

The Jewish Federation provides emergency financial assistance to families through several of our agencies: During the fiscal year ending last June our family service agency had 555 cases where the primary issue was financial problems, 239 cases involving unemployed wage earners, and 196 cases involving a need for housing.

One of our agencies, The ARK, which operates a food pantry for poor Jewish community members served 26,375 individuals and 9,812 families from our community last year. 1,480 of the families included children 1 month old to 5 years of age. The numbers of Jewish community members receiving emergency food assistance during the first six months of this year is at the same level as last year, but what is new is that the families coming in for emergency food assistance are younger than ever before.

We operate a storefront Multi-Service Center in Uptown, one of the poorest neighborhoods in Chicago which serves about 2,500 people annually. 97% of the people we serve at this location have income levels that meet federal poverty guidelines. Of the 468 new people who came in for service last year, 20% have no source of income at all and 46% are dependent upon a government income maintenance program for support. Only 23% of the new clients were employed either part-time or full-time in jobs that pay the minimum wage, or are chronically under-employed.

Based upon our most recent Jewish population study conducted in 1990, we know that 6.5% of our community live in poverty. This is the same rate that we found in our 1980 population study.

The Jewish Federation of Metropolitan Chicago has an extensive range of health,

social services, and employment and training programs serving hundreds of thousands of people each year. Despite the existence of this comprehensive network, we cannot provide the ongoing income maintenance and child care services required by poor families, or those who are elderly or disabled. We cannot be the safety net, as much as we might want to be. We raised and are spending \$27 million [not including service fees and other supplemental fund raising done by our agencies] for local social services in Chicago this year. We also spend another \$23 million in government funds under various contracts we and our agencies have. These numbers do not include yet another \$68 million in government funds, including medicaid, which support our Mt. Sinai Hospital Medical Center, 80% of whose revenues come from government funded programs enabling them to serve the West side of Chicago. The point is that if there is any diminution of government support for the \$23 million worth of social service and employment and training programs, the Jewish community of Chicago will not be able to make up the difference. We struggle mightily to maintain our local fund raising campaign and to produce some increased giving each year. If government funded programs are cut, then the vulnerable people we now serve will just not be served.

The prospect of further cuts in the safety net are indeed frightening. Right now in Illinois less than 30% of the eligible AFDC clients are enrolled in the state's JOBS program. Less than 50% of the mothers and children eligible for the Women, Infant and Children's Supplemental Nutrition program ["WIC"] are enrolled, and this is a

program that we know saves \$3 for every \$1 spent! It also prevents premature births, which often cost \$250,000 per child in special intensive infant medical care.

In Illinois the state's welfare caseworkers spend 60-80% of their time in so-called "Quality Control," which really means that because of federal requirements they try to make sure the monthly welfare checks are the right amount or try to recapture modest over payments made due to changing circumstances in the lives of the families in their caseload. Because the state spends so much of its welfare funds this way, only 25-30% of its is available for the JOBS program. A few years ago, when the program was first enacted, we had over 100 people involved in a planning process to create Illinois' JOBS plan. We recommended that 75% of the funds should be invested in services to the clients, including child care, education services, case management, transitional health care, and employment and training programs. If those services are not provided, most families will not be able to leave the welfare rolls because they will not be employable -- even if enough jobs leading to durable, long term self-sufficiency become available.

Finally, but equally important, many of us at the local level have thoughtful proposals concerning how to solve the many problems in the welfare program. The current total disconnection between HHS administered welfare services and Department of Labor employment and training programs must be ended. One stop, integrated services,

with plans tailored to the needs of individuals and families are essential if people are going to be helped to leave the welfare system. A much more flexible mix of public and private resources must be allowed than is presently the case. We have a plan to do this in Chicago where we have the State of Illinois, the City of Chicago, the social service agencies, and the foundation community around the same table -- all in agreement about the need to do this and willing to create the detailed operational plan together. But even with the Governor of Illinois, the Mayor of the City of Chicago, the MacArthur Foundation, the Chicago Community Trust, and the social service agencies in agreement and with their representatives at the table, we have not yet been able to move HHS and the DOL to join us to create the implementation plan. We believe we can reform welfare and reinvent government through our project, *The Chicago Laboratory for Change*. We are prepared locally to mount a five-year demonstration with strong accountability, a mix of public and private resources, and an evaluation plan. We urge the Ways and Means Subcommittee on Human Resources to help us bring the federal government to our local table so that together we can help children and families in need to have a real chance to better their lives.

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Lisa Karl
802 16th Avenue, #3
Seattle, WA 98122

STATEMENT REGARDING PROPOSED WELFARE REFORMS

WHO I AM:

My name is Lisa Karl, I am a volunteer board member for the Welfare Rights Organizing Coalition (WROC) that is based in Seattle, Washington. I work directly with women on public assistance (AFDC) to help them effect positive change in their lives, the welfare system, and other institutions that impact their lives. I am an American citizen and a registered voter.

SUMMARY OF MY OPINION ABOUT PROPOSED WELFARE REFORM:

I am very concerned about all of the proposals for welfare reform that are being considered by Congress, including President Clinton's plan. The President's proposal, with its two-year lifetime limit and the misguided approach of moving families off of welfare by helping mothers get *minimum wage* (not *family wage*) jobs will not work. Its lack of long-term insight about why women are turning to welfare in the first place is troubling. The women who are able to juggle full-time work and child rearing are making enough money to pay out \$500-\$600 in child care a month plus health care and still make enough of a profit to pay the bills. One person working a minimum wage job 40 hours a week simply can't support a family's basic needs -- not in Seattle, at least.

Even more disturbing is The Personal Responsibility Act, sponsored by Speaker of the House Newt Gingrich and other Republican legislators. It is clearly anti-women and anti-family. It is a bill that seeks to punish poor people for being poor, especially poor women. If it is passed in any form, it will cause an absolute crisis in our country; we will face homelessness, malnutrition and sheer destitution like we haven't seen since the Great Depression.

SOME SPECIFIC CRITICISMS:

Personal Responsibility Act:

There are many things that I am troubled by in the Republican Plan. This includes the proposal to deny young mothers any aid at all, the resolution that children will be better served by growing up in orphanages than with their mothers, the family cap, the proposals to deny legal immigrants benefits and to deny *all* benefits to illegal immigrants. But clearly the bottom line is this:

Under the proposal, people now eligible for welfare, food stamps and free school lunches would no longer have a legally enforceable right to such assistance, known as an "entitlement".

Instead, the federal government would appropriate specific sums each year for food assistance and welfare in the form of block grants to the states. If the money ran out before the end of the year, benefits could be scaled back, people could be removed from the rolls or new applicants could be turned away, depending on each state's decisions. Because the Republican legislators are proposing to slash so much money from those programs (about 2/3rds) those kinds of decisions will *have* to be made because the money will run out very quickly.

President Clinton's Plan:

- "Workfare" is an astonishingly shortsighted program which would force recipients to take a job, any job, while on welfare, with the money that they earn going towards reimbursing the government for their welfare check instead of helping women on public assistance become financially independent.

Furthermore, if a recipient takes a full-time job that pays minimum wage under Workfare, she will not be able to keep the difference between her welfare check and the money she earns at her job. For instance, if a mother receiving \$441/month is forced to work for 35 hours a week, she will receive the equivalent of \$2.76 an hour, much less than minimum wage. We have passed a law that makes it *illegal* for employers to pay *less than minimum wage* in this country for obvious reasons. It is unfair and inhumane to deny poor women this right. It would not be too much of a stretch to say that the federal government is implementing slave labor through this program.

Finally, Workfare neglects the reason that women are on welfare in the first place: They cannot find a job that pays a family wage. Instead of implementing Workfare, we should help women earn a college education, raise the minimum wage to a livable wage and proceed with job creation plans.

- The President's proposal of a two-year lifetime limit doesn't recognize that the situations that force women onto welfare are complex. Many are fleeing domestic violence relationships (about 60 percent) and need time to recover and to help their children recover from the violence and to adjust to a new situation. This new situation will most likely mean that the mother will have to support her family alone, without any financial or emotional support of the other parent. To assume that you can attach a strict deadline for a family to become financially independent again is simply wrong.

In fact, there is *already* a deadline for eligibility in Washington State. After your fifth year on public assistance, your grant is reduced by 10 percent each year until it is whittled down to nothing.

Some women on welfare who need education in order to support their families will need more than two years to acquire a degree that will allow them to earn family wages. Some recipients will need to acquire their G.E.D. before they can begin to work towards the college degree that is key to earning a livable wage.

- Another misguided element of the President's plan: Teen mothers will be required to live with an adult in order to receive help from AFDC. This is troublesome, because studies show that some teen mothers are incest victims and suffer sexual abuse in their parents' household. Legislation that forces these mothers to stay in abusive situations is criminal.

A CASE SCENARIO: WHAT IT'S REALLY LIKE TO LIVE ON WELFARE:

Imagine this: You have a high school education and maybe spent one year at a community college. You have been on welfare for one year, and you decide to get a job to supplement your monthly check. You look for a full-time job, but can't find any, so you take a part-time job. You

are excited though, because they pay a lot better than minimum wage -- it pays \$6 an hour. However, you don't get any health care benefits for you or your child because this is a part time job. That's okay for now, because you still receive health insurance through AFDC. You are lucky and apply for daycare for your 3-year old daughter and get it, because it's still early in the year and the JOBS program hasn't run out of money to pay for daycare yet. Money is tight and you don't get to see your daughter much, but you make it for a year.

During that year, you make \$455 a month with your job, and AFDC allows you to keep \$441 of that, the amount of your monthly welfare check. The rest of the money you earn is deducted from your grant money -- about \$14. It's like working for free, but it's only a few hours and your employer doesn't want you if you can't work at least 20 hours a week.

Meanwhile, you are still on the 3-year waiting list for Section 8 (affordable) housing in Seattle, so you have to pay \$375 a month for a one-bedroom apartment, a low-end figure for a one-bedroom unit in Seattle. Your rent doesn't include the heat, water, electric and telephone bills. You make \$882/month, plus food stamps and health insurance, but once the year is over you become ineligible for welfare because of the two-year limit. All of the sudden, you have to find another job. You get lucky again, and find another job earning \$6/hour. You now bring in \$980 a month, before taxes.

However, you pay out \$550 a month in child care, \$375 in rent, and before you even get to paying for your heat, electricity, water, and phone each month you are out of money. You still qualify for food stamps, thank goodness, and you manage a balancing act until your daughter gets sick. Suddenly you have no choice: You have to apply for welfare in order to take your child to the doctor. You are forced to quit your two part-time jobs and go back to the welfare office. Again.

This happens all the time to mothers, in Seattle and all around the country. It's so common there is even a word for it. *Cycling* describes the vicious circle a single mother is trapped into because she needs a college education in order to compete for family-wage jobs.

Ironically, it's very difficult to go to school on welfare, even if you do it with student loans, Pell Grants and scholarships, things that are available to all Americans who want to go to school but need help. It is difficult to go to school on welfare because the focus of our current welfare system is on charity, not empowerment. It's based on short-term goals, not long-term solutions. Without an education it's almost impossible to earn a family wage (upwards of \$9/hour) and you cycle on and off welfare because you can't accumulate any savings to use as a safety net.

We desperately need welfare reform in the United States. But we need proposals that focus on the long-term goal of helping women become financially independent through education so they can get off of welfare and *stay off*. Unfortunately, we aren't discussing these kinds of solutions. But at least the current system has served as a last resort. Up until now, most women and children have not had to live on the streets. If any of the current plans for radical welfare reform are implemented, we are going to see this happen. Already church groups such as Catholic Community Services in Seattle have expressed real fears about how they will cope with a marked increase of needy people when they can't even afford to help those who already come to them for assistance. The war on poor people will escalate, sacrificing women and children first instead of protecting them.

SOME REAL SOLUTIONS:

The best way to develop effective solutions is to listen to women who have been on welfare so you can understand what their lives are really like. You will quickly learn that women are on welfare come from all races and classes and that *over 60 percent* are fleeing domestic violence situations.

You can also learn a lot by trying to live on a welfare budget for a month. Many people are under the misconception that welfare recipients receive thousands of dollars each month. Because over 75 percent of single parents on welfare have 1 to 2 children in Washington State, their checks are either \$441/month for a family of 2 or \$546/month for a family of 3. This means the family is living at about 50% below the poverty rate. Bear in mind that Washington State offers some of the highest AFDC grants in the country.

If living on a welfare budget is too daunting, try to live on what you would earn if you worked a full-time job for minimum wage, roughly \$680/month before taxes. This will clearly illustrate that no matter how good your budgeting skills are, you won't be able to provide yourself and your child with basic necessities. And yet, many people continue to propose that minimum wage jobs are available and are a way out of poverty.

How we can help women become financially independent:

- Assist recipients who want to go back to school for a college degree. This single factor alone would be instrumental in moving large numbers of people off of welfare. This involves spending more time with each recipient to find out what she needs help with and then providing that help. It will take more time and will require a greater investment of money for child care, transportation assistance and counseling, but this approach will afford women the help they need so they never have to accept public assistance again. They will become tax-paying citizens and the state and federal government will ultimately get a concrete return on its investment.
- Allow a recipient to earn 100% of her grant payment without having her monthly grant reduced during a transition period of one to two years. This will make it a little easier for women to move off of welfare, provided they have the skills to get a job that pays a family wage.
- Allow a recipient to accumulate savings while on welfare so she may build up her own safety net. In the long term this will save money because families wouldn't automatically have to turn to welfare to help them through a crisis such as a loss of a job, an accident, or a health problem.
- Provide child care assistance and health care for two years after a recipient is off of public assistance to help her make it through crises that would normally send her back to the welfare office and to enable her to continue building her own safety net (see above). This will also help break the cycling pattern where women bounce back onto welfare whenever a crisis occurs.
- Raise the minimum wage so that it is a livable wage.
- Proceed with job creation programs.
- Implement a code of conduct for American companies that build factories outside the U.S., setting standards for health care benefits and wages for foreign workers so that American jobs aren't lost to companies that take advantage of employees through unfair labor laws/practices.

THANK YOU FOR YOUR TIME AND ATTENTION.

Lisa Karl

COMMENTS ON PROPOSED WELFARE REFORM
by Joyce Kerley

I am a 39 year old married working mother of two elementary school children. Fortunately, I have never needed welfare. But as a concerned citizen and voter, I wanted to express my thoughts on this important issue. I, like most Americans, do support some welfare reform. However, I would like to raise some issues I feel are not being considered in the welfare reform hearings.

1. Children are the main focus of AFDC, never lose sight of that. If a parent has done something you consider immoral, don't make the child suffer needlessly. There is no justification for pursuing this as a financial issue. AFDC is 1.6 billion of the budget, Social Security is 22.5 billion. Why are we willing to support older Americans unconditionally but not children who are our future? Social Security was intended as a safety net just like welfare, not a guaranteed payment. Why didn't the elderly save enough money to live on in retirement and be personally responsible for their care? We are demanding mothers who are trying to raise a child responsibly to keep two jobs (mothering and working outside the home), why should we keep paying for older people who are able bodied yet choose to sit on their duff and collect Social Security, in many cases unnecessarily and in amounts far exceeding what they paid into the system.

2. Pass some sort of basic guaranteed health care for children. It is appalling in a nation as developed as the United States that some children do not even get basic, minimum health care. Many women stay on AFDC rather than work because they can get Medicaid coverage for their children, whereas many jobs do not offer health care benefits. My son recently was hospitalized for ONE night for observation of possible appendicitis. The bill was over \$2,000. Fortunately I have health insurance but what about those who do not. They have to choose between risking near death for a child with illnesses that even the doctors cannot readily diagnose or running up a bill that would take years for someone in poverty to pay.

3. There is a study that only 29% of teen pregnancies are created by teenage boys. That leaves 71% created by adult men. THIS SHOULD BE A NATIONAL SCANDAL! Why are adult men impregnating children and getting away with it? It is a sick society indeed that chooses to focus all blame on naive girls who typically believe many false statements about birth control (or lack thereof) because we have this religious notion that education about birth control is condoning sex (FALSE!) We learn about war in history, that doesn't mean we all go out and participate in war. If you are really serious about reducing teen pregnancy, then teach not only how children are created in health class, but also how to PREVENT childbirth. Yes, abstinence is best but look at the statistics, it IS NOT WORKING. Make every high school in the U.S. force boys and girls to participate in a minimum one week class where they have to carry a doll with them every where they go to simulate child rearing, with scheduled feeding and diapering times. As part of the class, include budgeting so they know how much it costs to feed and clothe and house and provide medical care for a child. Take the romance out of cute little babies so children quit having children.

4. Where are the pro-lifers in the welfare reform debate? They encourage bringing the child into the world, and then abandon those in need. One Congressman has proposed a \$5,000 tax credit for adopting children, yet women who choose to follow their biological bond and keep their own children who may need some assistance in their life for all sorts of reasons are portrayed as lazy shiftless cheats. Why is a child receiving AFDC less valuable than a child being adopted?

5. End the negative stereotyping. Not every woman on AFDC is a pregnant teenager living in public housing. Statistics show the over half the AFDC recipients are rural white women. If welfare is growing out of control, it is because society has allowed the fathers of the children to ignore their responsibilities.

I live in Orange County where hundreds of county workers have been laid off due to the county mismanaging it's investments. These people have lost their job through no fault of their own. Many single parents will likely need welfare. As if they haven't suffered enough losing their jobs, imagine what shame they must feel because politicians make all welfare recipients look like shameful lazy people. Yes, there are cheats in every system. There are also many success stories but those never seem to make headlines.

6. Child care is very expensive. I have two children in daycare after school for one hour and a half a day and I pay close to one hundred dollars a week. Full time care is even more expensive. If you really want to move people off welfare into jobs, raise the minimum wage to \$5.00. People on AFDC need child care by definition, give some incentive that work is more valuable than collecting welfare.

7. Stop treating welfare mothers as if they are a disease. MEN were equally responsible in every case for creating the child, at least the mothers (in most cases) are attempting to raise the children with little support. Make the unwed FATHER's parents provide food, clothing and housing for the unwed mother.

8. Do not allow states unrestricted funding for welfare. We as a nation have an interest in raising in healthy, well adjusted, well fed children. There must be at least minimum standards attached to the funding.

9. Quit offering tax incentives to have an unrestricted number of children. The U.S. population has quadrupled since World War 2. Is there really a job out there for every person who wants to work? There is no reason for taxpayers to subsidize large families. Change the tax laws to reward small productive families who do not drain societies dwindling resources. If couples, for primarily religious reasons want nine children, fine, let them pay for them. Do not provide tax deductions for greater than say five children maximum.

10. Change the rules that drive the father out of the house. Allow AFDC even if the family is making some income on a specified timetable. If not cash benefits, then food stamps, health care, subsidized child care, etc.

11. There are acres of empty military bases. Perhaps some could be turned into communities for single mothers and children where the base could be used for some job training while the children attend school or daycare at the site and live in base housing. The controlled atmosphere of a military base would prevent the crime infested images of high rise public housing. If citizens do not want to provide cash payments, allow voluntary movement to a place where the mothers and children would be housed and fed and trained and schooled to prepare for a productive future. Don't steal away the children to orphanages.

12. Deny benefits to children who are CONCEIVED while the mother is on welfare

13. Enlist the FBI, CIA and every national resource to track down deadbeat dads.

14. Again, raise minimum wage. As society transforms from an industrial society to an information society, many people do not have the skills necessary to be self sufficient.

In conclusion, as a working mother, I know how difficult it is to raise children and work outside the home. Before work, I must make breakfasts, pack school lunches, lay out school clothes, get ready for work, be sure the kids get to school. Then I go to work and make very difficult decisions all day. When I come home, my husband typically makes dinner after picking up the children. After dinner, there are dishes to wash, homework to help with, baths to prepare, clothes to wash. Week-ends are devoted to house cleaning, grocery shopping, Cub Scout meetings, etc. etc. I feel very fortunate to have a partner to share some responsibilities with, although there is no doubt that women still do most of the domestic and child rearing chores. Instead of crucifying these women who are raising children alone on next to no money, we should be offering them community based support to help them succeed in raising children who feel good about themselves. The teens who get pregnant are children who have very low self esteem and often confuse sex with love. Let's make ALL children feel good about themselves. Stop trying to punish and instead trully devise incentives to postpone childbirth by creating hope for a prosperous future. College educated women have the lowest birth rates in the country. While we are trying to reduce government, let's also strive for smaller, stronger families.

Thank you for the opportunity to express my opinions on a very important issue.

Joyce Kerley
10162 Christopher Street
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TESTIMONY OF THE LEAGUE OF WOMEN VOTERS OF CHICAGO

Phillip D. Moseley
 Chief of Staff
 Committee on Ways & Means
 US House of Representatives
 1102 Longworth Building
 Washington DC 20515

January 30, 1995

The Chicago League of Women Voters will focus on a particular concern based on historic League positions on employment and income. The League joins coalition colleagues (noted below) on a broad range of specific issues.

The Chicago League believes that the current welfare reform debate is isolated from the real world, leaving fundamental questions unasked and critical elements unexamined.

The Subcommittee topical hearings do not include the economic context, essential frame for both defining the needs and for charting the course to employment and stable income.

The loss of family-supporting jobs is clearly a point of origin. Between 1972 and 1990 the west side of Chicago lost 36,000 manufacturing jobs and 23,000 related jobs - 43% of its employment base. Lawndale in southwest Chicago lost 75% of its business, leaving 40% of its residents on welfare.

Ignoring the massive job shift severely limits Congressional decisions on the plight of stranded people and realistic escape routes, especially if the hearings are confined to AFDC, leaving out single adults.

Inevitably, crime fills the vacuum, compounding the collapse of families and communities. The nation's incarceration rate is the highest in the world except for Russia. Illinois has built 16 prisons in 16 years - a costly explosion which correlates closely with the decline in jobs for less-skilled men. The disproportionate impact on minorities breeds despair and bitterness. Employment for black men dropped from 73% in the 1970's to 51% in the 1980's. Illinois is populating its prisons and welfare system with the children and grandchildren of people who migrated north for jobs - which fled or were "downsized."

The current decline in overall unemployment is fragile. Mark Miller, economist with the Chicago Sun-Times, notes that the "militantly anti-inflation Federal Reserve Board" could slam on the brakes and "easily push joblessness back to 7%."

Well documented on every police blotter is the monstrous impact of drugs on poor neighborhoods. Lock-em-up prevails over rescue. The City of Chicago official survey found that on any given day 95% of those seeking help out of addiction are turned away.

Second major factor not on the Human Resources Subcommittee agenda - and vitally related to welfare reform - is wage erosion.

In 1979 12.1% of full time workers earned less than the poverty level; in 1993 16.2% of full time workers had earnings this low. Income disparity is the widest in history. 48.2% of national income goes to the top fifth of households, 3.6% to the bottom fifth, a trend obviously inimical to people struggling off welfare and out of poverty.

For decisions affecting the nation's poorest, a responsible line of questioning would ask: what is the capacity of the labor market as correlated with the number and skills of the welfare population (including single adults) - by national aggregate and in break-outs by locality.

The Work Alternative, published by the Urban Institute, offers significant data. Subtitled "Welfare Reform and the Realities of the Job Market," it cautions against forcing the least able of the nation's working age group into that niche of the labor market that has performed most poorly."

Our concern is that systematic Congressional inquiry into real jobs and a decent living is lacking. Congress and the Governors have avoided a serious look at the consequences of time-limited welfare. A similar evasion preceded the deinstitutionalization of the mentally ill, now thought to be one third of the homeless.

We agree that present systems (JOBS, JTPA) are weak: 9% of participants in the Illinois JOBS program were placed in employment, most of it minimum wage; 3-5% of the eligible population is served by JTPA. A major problem is job retention - a bleak proposition at minimum wage with no benefits. Child care is way out of sync with projected need - cost, supply, quality.

"Welfare reform" will be a cul-de-sac (or a revolving door) without a defined bridge to jobs. Suggested incentives like Targeted Jobs Tax Credits for enlisting business and industry have an uncertain track record. We understand the need for access to the private sector, but we question how long taxpayers should subsidize employers who fail to pay a living wage.

The League has long urged public job creation tied to critical needs like housing, schools, transportation. We are actively involved in the shaping of Section 3 of the Housing and Urban Development Act - job set asides in HUD-funded projects. We are pushing for a pervasive Section 3 in state and local law, too - a source of jobs for people by-passed by the private economy and about to be dropped out of the safety net with very uncertain landing.

Intentional links to the economy and solid ground are a sine qua non for addressing persistent poverty. They are perfunctory or missing from the Personal Responsibility Act. The prospect is further isolation of the poor.

In addition to the above testimony the League of Women Voters of Chicago endorses the comments of the Public Welfare Coalition, the Work, Welfare & Families Coalition, the Chicago Jobs Council, the Legal Assistance Foundation of Chicago, the Day Care Action Council, Women Employed, the Task Force on Adolescent Health, the SSI Coalition.

We especially underscore support for continuing SSI intact and opposition to cuts in SSI for legal immigrants.

STATEMENT OF SUE AUGUSTUS AND NANCY KATZ OF THE LEGAL ASSISTANCE FOUNDATION OF CHICAGO TO THE HUMAN SERVICES SUBCOMMITTEE OF THE COMMITTEE ON WAYS AND MEANS, U. S. HOUSE OF REPRESENTATIVES, IN OPPOSITION TO CHANGING PROVISIONS AFFECTING PAYMENT OF SOCIAL SECURITY AND SSI TO INDIVIDUALS DISABLED BY DRUG ABUSE AND ALCOHOLISM

On behalf of Supplemental Security Income ("SSI") applicants and recipients living in Chicago who are eligible for legal representation from the Legal Assistance Foundation of Chicago ("LAFAC"), we write to oppose any changes in eligibility for Social Security and SSI benefits for individuals whose disabilities result from drug abuse and alcoholism.

LAFAC provides legal representation for persons on state funded public assistance who have applied for Social Security and SSI disability benefits. In addition, LAFAC provides legal representation to the poor in Chicago on civil legal matters, and represents thousands of persons on SSI issues each year. This representation, provided free to eligible clients, often addresses SSI eligibility for persons suffering from drug abuse and alcoholism.

We are attorneys at the SSI Advocacy Project of LAFAC. In our work at the SSI Advocacy Project, we work every year with hundreds of individuals who have substance abuse problems at the SSI Advocacy Project. We are on the frontline of the battlefield and we see daily how substance addiction disorders have destroyed the lives of individuals and their families and ravaged our communities. We have also seen how SSI benefits can stabilize an individual and allow him or her to actually participate in and benefit from treatment.

We believe that this Committee should not consider further changes concerning receipt of Social Security and SSI disability benefits for persons with substance abuse problems. Congress, in the last session, made significant changes affecting payment of Social Security and SSI benefits to persons for whom drug abuse and alcoholism is a contributing factor material to the finding of disability. Social Security Independence and Program Improvements Act of 1994 (P.L. 103-296). Those changes:

- a) require all Social Security and SSI Disability recipients must receive payment through a representative payee;
- b) provide a preference for organizations as representative payees;
- c) require that recipients must undergo treatment, when available at approved facilities, comply with the terms of that treatment, and comply with monitoring and testing;
- d) provide for suspension of benefits for failure to undergo appropriate substance abuse treatment under a formula that provides escalating penalties of two months, three months, and six months for failure to comply with substance abuse treatment;
- e) limit receipt of benefits to 36 months unless the recipient becomes disabled for a reason other than substance abuse;
- f) prorate payment of retroactive lump-sum benefits and require that such payments be made to a representative payee; and
- g) provide that services performed or earnings received from illegal activities must be considered in determining whether the individual is engaging in substantial gainful activity.

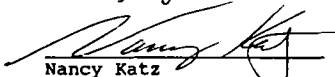
These changes, made with bipartisan support in the last session, will take effect on February 13, 1995. This Congress should wait to see if these changes cure the problems that led the last Congress to pass them. We, as advocates, believe that these provisions are tough, and will ensure that benefits are not paid to further individuals' substance abuse problems.

Thus, based on our experience and the experience of our clients, we support the present provisions regarding the payment of SSI benefits to disabled addicted individuals. Substance addiction disorders are illnesses that prevent many individuals from being able to work, and those individuals whose impairments rise to this level meet the statutory definition of disability contained in the Social Security Act. We feel that the present provisions, which take effect in less than two weeks are adequate to ensure that disability payments will support only those persons who are attempting to conquer their substance abuse problems.

Should you have any questions or need additional information, please contact us. Thank you for the opportunity to provide you with this written testimony.

Respectfully submitted,


Sue Augustus


Nancy Katz

SUBCOMMITTEE ON HUMAN RESOURCES
COMMITTEE ON WAYS AND MEANS
UNITED STATES HOUSE OF REPRESENTATIVES

JANUARY-FEBRUARY 1995 WELFARE REFORM HEARINGS

TESTIMONY OF JOHN M. BOUMAN
IN OPPOSITION TO §101 OF H.R.4: DENYING OR REDUCING ASSISTANCE
TO CHILDREN WHOSE PATERNITY HAS NOT BEEN ESTABLISHED

My name is John M. Bouman. I am a supervisory attorney with the Legal Assistance Foundation of Chicago (LAFC), an agency that provides free legal assistance in civil matters to the poor in Chicago. I have worked for LAFC since 1975 in various city neighborhoods, and in that time I have represented thousands of applicants for and recipients of AFDC assistance. Since 1985, I have been the head of LAFC's unit that specializes in welfare law.

These comments are submitted on behalf of clients who are applicants for and recipients of AFDC benefits, who, as an eligibility requirement for AFDC under current law, are charged with the duty of cooperating in establishing paternity and obtaining child support from the fathers of their children. These clients include the plaintiff class in the case of Doston v. Duffy, 732 F.Supp. 857 (N.D.Ill. 1988). The class in the Doston case consists of persons applying for or receiving AFDC assistance during the mid-1980's who were denied or cut off of AFDC by the Illinois Department of Public Aid ("IDPA") for their alleged failure to cooperate in the paternity establishment and child support enforcement process.

Section 101 of H.R. 4 deals with the paternity establishment portion of this process, as follows: (i) it denies any aid to a family with respect to a child whose paternity has not been established, unless the child was conceived as the result of rape or incest, or establishing paternity would result in physical danger for the child or the child's caretaker relative (usually the mother); and (ii) it denies aid to the child's entire family if the mother does not provide the name of the putative father (or possible fathers) and sufficient additional information (address of alleged father or address of immediate relatives of the alleged father) to enable the State agency to launch a paternity case.

Current law differs from Section 101, as relevant here, by providing that cooperating with paternity establishment consists of:

- (1) Appearing at an office of the State or local agency or the child support agency as necessary to provide verbal or written information [about the name and location of the putative father], or documentary evidence, known to, possessed by, or reasonably obtainable by the applicant or recipient;

...

- (3) Providing information, or attesting to the lack of information, under penalty of perjury; ...

45 C.F.R. §232.12(b)(1) and (3).

There are two principal differences between current law and the proposed Section 101. First, current law allows the family to receive benefits after it has cooperated in identifying the father to the best of its ability. Section 101 places the entire burden for state delay or misfeasance in establishing paternity on the family by denying benefits until after paternity is actually established in a court order. Second, current law admits the possibility that, in good faith, applicants for AFDC may not possess either the correct name or address or relatives' addresses of the putative father. While current law imposes a duty on the applicant to reveal all information that she has, it allows her to attest under penalty of perjury to the lack of any further

information. Section 101 demands that all applicants have sufficient information to correctly identify the father and establish his whereabouts so that he can be served with a summons. Section 101 bars from AFDC all families that do not have this level of information about the putative father.

In the mid-1980's in Illinois the paternity establishment and child support enforcement "cooperation" requirement was administered in a way that gives some idea of what would happen under Section 101. IDPA's policy was to allow caseworkers to decide, on a case by case basis, whether the AFDC applicant or recipient had "cooperated" in telling all the information she knew about the father. It turned out that a number of women did not know the actual correct first and last names of the father, due to the use by many of the fathers of pseudonyms and nicknames. It also turned out that a great many women could not give much information to locate the father. Caseworkers would decide, based on a subjective judgment, that these women were lying or withholding information; the women were found to be "not cooperating" and thus ineligible for AFDC. Since most of these women in fact did not have any more information, they could never "cooperate". There were many open-ended ongoing denials of aid. We had clients who were reduced to hanging around on corners in dangerous neighborhoods where they thought they might run into the father.

As a result of Illinois' policies, there were at least 56,000 women denied, terminated or suspended from AFDC benefits in just a few years' time. Chicago's homeless shelters filled up with women and children who had no means of support because they were sanctioned for non-cooperation. According to one study, 35% of the women and children in the shelters one winter night were there because they had been cut off of AFDC under these policies and could not pay their rent.

In the Doston v. Duffy case the court enjoined these policies because they violated the same federal law (quoted above) that Section 101 would change. Under Section 101, however, the damage would be far worse than it was in Illinois prior to the Doston case. The Doston problem was caused by caseworkers having discretion simply to disbelieve the mothers' representations regarding her level of knowledge about the father. But, even under those policies, caseworkers often did believe that the mothers had cooperated to the best of their ability, even though the information they gave was insufficient to locate the fathers.

Under proposed Section 101, however, the child will be denied assistance under all circumstances until paternity is established. This would be 250,000 children, if Section 101 were applied to the current AFDC caseload in Illinois (54% of the children on AFDC in Illinois do not have their paternity established). And the whole family -- including siblings whose paternity is established -- will be denied unless the mother can provide the mandated quantum of information about the father of a child whose paternity has not been established.

The record in Doston and other known facts prove that the inability to establish paternity is often beyond the control of the mother, either because she simply does not, in good faith, possess the necessary information, or because the state, through misfeasance or simple delay, has not translated good information into a paternity adjudication.

Illinois currently is 50th among the states in the rate of determining paternity for its children receiving AFDC. The agency has significant inefficiencies and understaffing. This results in the failure to locate fathers, failure to respond quickly to new information about fathers, and failure to interact smoothly with the court system. There are also problems with the state's attorneys efficiently handling paternity cases, and with the court

system disposing of those cases expeditiously. It is not fair to make a needy family wait for all of these bureaucracies to do the right thing prior to allowing that family to receive subsistence support from the AFDC program.

It is also not correct to assume that every woman will always have even the theoretical capacity to comply with Section 101:

-- Men often do not tell their sex partners their true identities, residences or employment. Women often do not find this out until it is too late. These women and their families would be denied assistance under Section 101, even after consciously trying to comply with it. Similarly, many women, even in longstanding marriages, are never allowed to know key identifying information about their mate, such as social security numbers or the names and locations of his relatives.

-- Men change their addresses and employment without reporting to the mother of their children. Women do not even theoretically have control over this situation.

-- A very interesting phenomenon that was proven in the Doston litigation is the fact that a high percentage of very poor men are highly transient -- they do not live anywhere in particular, but "stay" alternately with friends, relatives and in other places. One cited example was the situation of 10 men found living in a car wash. When women state that they do not know where one of these men lives, that is often because he does not live anywhere in particular -- there is no correct answer to the question. Section 101 would deny assistance to these women and their families.

-- A great many children are conceived and/or born before the mother has any idea she will need AFDC. In the intervening period of time -- often years -- she loses her income for unrelated reasons (layoff, illness, etc.). Why would the mother necessarily collect and maintain information about the father prior to knowing she will need welfare, if she is not otherwise in touch with him?

-- Contraception failure is involved in many births, especially among populations using the less effective, less costly methods. By the time the mother is aware she is pregnant, she may have lost touch with the father. She never intended to be pregnant, so Section 101 would not even theoretically be a factor in her information-gathering tactics with the father.

In short, if the purpose of Section 101 is to force women not to conceive children without knowing the father's true identity and whereabouts, it cannot accomplish that purpose. If, on the other hand, Section 101 is built on the assumption that all women in fact have this information and are choosing not to divulge it, it is mistaken. The fact is and will always be that substantial numbers of women cannot locate the fathers of their children, and this often is completely beyond the control of the women. Section 101 exacts a heavy price from these women and children, while doing nothing at all to help them.


Presumably, a principal motivation behind Section 101 is to increase the rate of child support collection for children who must rely otherwise on AFDC. One thing that the Doston litigation revealed very clearly was that a paternity and child support system set up to harshly reduce AFDC assistance to the children does not increase support payments for them. Illinois was at the time of Doston and is now an extremely inefficient state when it comes to collecting from the fathers. At the time of Doston, the system treated the mothers and children harshly, but the resources used in that effort would have been better spent on pursuing the fathers. At that time Illinois had a backlog in its parent locate office of

50,000 - 60,000 cases, but only 8 staff statewide. Illinois had a year-long backlog for paternity adjudications in court. Illinois had, and has, severe staffing shortages in the child support collection office, and severe deficiencies in its computer systems for distribution and accounting of payments. All these problems still exist, although Illinois has improved its child support collections every year after the Doston case without the aggressive sanctioning policy. The Section 101 proposal is a needless waste of resources that will cause great and largely undeserved hardship with little impact on the actual collection of support.

Section 101 will result in substantial increases in costs for many other sectors of federal spending. These include increases in child welfare costs, shelter and other homelessness costs, and medical costs occasioned by the rigors of life without adequate income. There will also be substantial unfunded increases in needs that state and local governments will have to care for, including their portion of all the above-cited federal increases. We definitely saw this in the Doston-era usage of shelters, food pantries and the foster care system.

Finally, it is appropriate to consider the cost of this proposal for children, the innocent bystanders. It is easy to see the harm when the entire family is denied assistance (in the cases of the mother not identifying the putative father and his address or that of his relatives). But the stakes are also high when just the child is denied assistance (in every case in which paternity is not established). In Chicago, a woman and two children are eligible for an AFDC payment of \$377 per month, an amount woefully inadequate to live on decently (it is 37% of the poverty level; about \$100 under the HUD fair market rent for a one bedroom apartment in Chicago). When one child is denied assistance, the mother and the other child only receive \$278 per month. If both children are denied assistance, the mother only receives \$212 per month. But they are still the same three people -- same rent, same utilities, same groceries, same school clothes and supplies. The children face a dramatically increased likelihood (which was already very high) of being evicted or cold or hungry or pulled out of school. For families whose entire payment is denied because the mother does not have sufficient information about the father and his relatives, the possibility of these deprivations for the children becomes a probability. There is no cure for these unjust deprivations -- they will go on forever because most mothers never will have the required information. Under current law, on the other hand, whatever "deprivation" occurs if a woman does not tell the whole truth about the identity of the father does not injure the children. It injures the state, by impairing its ability to collect child support to offset or supplant the AFDC payments. But the state does have a remedy under the perjury and fraud statutes. So the policy choice is a clear one: should we visit irremediable deprivations under proposed Section 101 on many thousands of women and children who do not deserve such treatment, or should we retain current law and deal appropriately with the relatively rare and remediable cases of perjury. This should not be a hard choice. Section 101 of H.R. 4 should not be adopted.

Thank you for your consideration of these facts and arguments, and for this opportunity to present testimony to the Committee.


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February 2, 1995

LEGAL ASSISTANCE FOUNDATION OF CHICAGO

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STATEMENT OF THOMAS YATES OF THE LEGAL ASSISTANCE FOUNDATION OF CHICAGO TO THE HUMAN SERVICES SUBCOMMITTEE OF THE COMMITTEE ON WAYS AND MEANS, UNITED STATES HOUSE OF REPRESENTATIVES, IN OPPOSITION TO CHANGING THE CHILDREN'S SSI PROGRAM

On behalf of Supplemental Security Income ("SSI") applicants and recipients living in Chicago who are eligible for legal representation from the Legal Assistance Foundation of Chicago ("LAFC"), I write to oppose any changes in eligibility for, or payment of, SSI disability cash benefits for children.

LAFC provides legal representation to the poor in Chicago on most civil legal matters, and represents thousands of persons on SSI issues each year. This representation, provided free to eligible clients, often addresses SSI eligibility for children. In addition, LAFC files SSI applications for children from Cook County, Illinois in foster care. In this capacity, LAFC staff have filed and pursued over one thousand children's SSI applications.

Critics have levelled several charges against the children's SSI disability program. Chief among these are the following:

- a) the rapid growth in the number of children receiving SSI benefits since 1990 is conclusive proof that the program is out of control;
- b) children with minor behavioral and other problems too easily meet the child SSI disability standard;
- c) many parents either "coach" their children to do poorly on mental examinations, or deny their children necessary medical treatment so that the children will be found disabled and qualify for SSI; and
- d) disabled children and their families should not receive cash benefits; they would be better served by a voucher system that provides coverage for specified services and/or items.

Based on these charges, this Committee is considering changes that would redefine the children's SSI disability standard to decrease the number of children who are found disabled, and to eliminate monthly SSI cash payments and replace them with a voucher program that would provide coverage for certain services and items.

As is discussed in greater detail below, I believe that it would be foolhardy to either change the current children's disability standard, or replace monthly cash payments with some sort of voucher program.

1. The Rapid Growth In Numbers Of Children Eligible For And Receiving SSI Benefits Does Not Show That The Program Is Out Of Control.

There can be no doubt that the number of children receiving SSI has increased dramatically. In 1990, 340,230, or 7.1% of the entire SSI caseload (aged, blind, and disabled), received children's benefits. In June 1994, 847,406 children, or 13.7% of the entire SSI caseload (aged, blind, and disabled), received SSI benefits. Critics have looked at this rapid increase and charged that the program is out of control. However, review of the data fails to support this charge.

There is no clear data on the causes of the increase in numbers of children receiving SSI benefits since 1990. The General Accounting Office identified four factors that caused the increase:

- a) rising numbers of children in poverty;¹
- b) SSA outreach efforts arising out of Zebley settlement;
- c) SSA's issuance, in December 1990, of regulations revising and expanding its medical standards for assessing mental impairments in children by incorporating functional criteria into the standards and expanding the number of listed mental impairments; and
- d) SSA's addition of functional equivalence test at the third step of the sequential evaluation, and addition of a fourth step of the sequential evaluation, the individualized functional assessment test ("IFA"),² as a result of Sullivan v. Zebley, 493 U.S. 521, 539 (1990) ("Zebley").

GAO, Social Security -- Rapid Rise in Children on SSI Disability Rolls Follows New Regulations (September 1994) ("GAO study")

a. Zebley's Effect

Most critics have charged that the increase in numbers of children eligible for SSI was caused in large part by Zebley. It held that SSA must consider the "impact of an impairment on the normal daily activities of a child of the claimant's age--speaking, walking, washing, dressing, and feeding oneself, going to school, playing, etc." 493 U.S. at 539. This caused SSA to add the IFA

¹ In addition, more children qualified for SSI after 1992 when SSA changed the way that it budgeted income for parents of disabled children. The change liberalized deductions from earned income of working parents of disabled children. See 57 Fed.Reg. 18559 (Oct. 27, 1992). These budgeting changes increase the number of disabled children who meet the financial eligibility rules for SSI, and thus receive SSI disability benefits.

² In making children's disability determinations, SSA uses a four step sequential evaluation, as follows:

- a) Is the child engaging in substantial gainful activity (work)? If yes, the claim is denied. If not, proceed to step two.
- b) Does the child have a severe impairment or combination of impairments? If not, the claim is denied. If yes, proceed to step three.
- c) Does the child's impairment, or combination of impairments, meet or equal one of the listings of medical criteria? If yes, the child is disabled. If no, proceed to step four.
- d) Does the child have an impairment of comparable severity to an impairment that would disable an adult. If yes, the child is disabled. If no, the claim is denied.

20 C.F.R. § 416.924(b)-(f).

To determine whether a child has an impairment of comparable severity to one that would disable an adult at step d) above, SSA does an IFA that assesses a child's functioning in several areas or domains: cognition, communication, motor abilities, social abilities, responsiveness to stimuli (for children from birth to age one), personal/behavioral patterns (for children from age one to age 18), and concentration, persistence, and pace in task completion (for children from age three to age 18). Decisionmakers must review all evidence to determine if a child is impaired in any of these areas. If a child is markedly impaired in one and moderately impaired in another domain, or if a child is moderately impaired in three domain, SSA may, but is not required to, find the child disabled. 20 C.F.R. §§ 416.924d & 416.924e.

step in the children's disability standard. See fn. 2, *supra.*, for discussion of the IFA step.

Critics have overstated the effect of the addition of the IFA test. Data shows that, even after the IFA step was added, 70% of children found disabled by SSA were found disabled without the use of the individualized assessment step. See GAO Study; and DHHS Office of Inspector General, Concerns About The Participation Of Children With Disabilities In The Supplemental Security Income Program (October 1994) ("HHS Inspector General study").³ Thus, most of the increase in the children's SSI population did not result from addition of the IFA step.

Zebley did lead to increases in the number of children eligible for SSI in two other ways. First, the Zebley settlement led to a large increase in numbers of children, who had applied for and been denied SSI from 1980 to 1991, who were found eligible for SSI based on Zebley redeterminations.

Implementation of the [Zebley] settlement required an intensive effort to locate children who were denied benefits from January 1, 1980 to February 11, 1991. Notices were released to approximately 452,000 individuals. Of this number, close to 316,000 have responded accounting for nearly 70 percent of potential class members. According to SSA, when the additional recipients who filed new claims or were processed as a result of Zebley case or related childhood disability regulations were added to the rolls, the number of blind/disabled childhood recipients increased by 86,000 in fiscal year 1991 and 169,000 in fiscal year 1992.

U.S. Congress. House of Representatives. Committee on Ways and Means. Overview of Entitlement Programs: 1993 Green Book, Washington, D.C.: G.P.O. 1993.

Thus, the rapid increase is explained in part by addition of at least 255,000 children (approximately 30% of the current total number of children on SSI) who should have been found disabled from 1980 to 1991 had SSA been using a legal disability standard.

Second, SSA undertook a massive effort to identify children denied between 1980 and 1991, including outreach to the schools, public health clinics, and state welfare agencies. This publicity led to another wave of children applying for SSI benefits who may not have known of the program absent the massive outreach program.⁴

b. SSA's Failure To Reevaluate Children's Disability Claims On A Regular Basis

Instead of the reasons discussed above, I believe that the major factor creating dissatisfaction with the children's SSI program is SSA's failure to systematically review claims of disabled children to see if they are still disabled. These reviews, known as continuing disability reviews ("CDRs"), are

³ This data only tracks how many children were found disabled at the fourth step--the individualized functional assessment step. I am not aware of data that tracks the number of children found disabled because their impairments were functionally equivalent to impairments set forth in the listings at the third step of the sequential evaluation. However, such awards are rare.

⁴ Although no hard data confirms this, I believe that many who would benefit from government programs, including SSI, never learn of the programs. See also National Academy Of Social Insurance, Policies for Children with Disabilities: Connecticut, Virginia and Some National Trends, (Draft Working Paper) January 1995 at 51 (Noting that "powerful effect of active outreach has been demonstrated--perversely in the eyes of some--by the post-Zebley boom in children's SSI applications.").

essential to ensure that all children who receive disability benefits continue to be disabled. Many children, while disabled at the time of the initial disability determination, overcome their disabilities. When children no longer meet the disability standard, they should not receive SSI benefits.

The HHS Inspector General study stated that "[c]ontinuing disability reviews (CDR), designed to ensure that SSI beneficiaries remain eligible for SSI benefits after enrollment, were generally not conducted on SSI beneficiaries, including children with disabilities." *Id.* at p. iv (emphasis added).

SSA's failure to do CDRs is even more striking based on the HHS Inspector General study finding that "[estimated] that 104,713 of the 124,639 children included in our audit universe were determined to have nonpermanent impairments by DDS personnel, and improvement is either possible or expected." *Id.* at p. iv.

Yet, SSA, in its response to the HHS Inspector General study stated that it would do only 5,000 CDRs of children in fiscal year 1995. HHS Inspector General report, app. C, p. 2. SSA states that "[t]he 5,000 childhood cases will help us to begin developing the base of knowledge necessary for the sophisticated targeting of childhood CDRs." *Id.* at App. C, p. 3.

SSA's failure to do timely and effective CDRs has contributed most to the perception that the children's SSI program is out of control. The cases identified in the national media, if the facts are as they are presented, cry out for continuing disability review. Yet, SSA has stood by blithely, ignoring its duty to do CDRs of the child population receiving SSI benefits. Putting in place an effective CDR program would go far to answer criticism of the children's SSI program.⁵

c. At Least Half Of All Children Who Apply For SSI Are Denied.

Additionally, the denial rate for children who apply for SSI benefits belies the claim that the children's SSI program is out of control. Since the new rules took effect in February 1991 after *Zehley*, half the children who applied nationwide were denied benefits. Denials on the national level totalled over 800,000.⁶

Recent data from Illinois shows a much higher denial rate; more than two out of three children who apply are denied. Statistics from the Illinois Bureau of Disability Determination Services ("BDDS") covering six months, July 1994 to December 1994, show that at the initial determination level, 4,372 children of the 13,966 children who applied were found disabled (31%); and at the reconsideration level, only 167 children of 2530 children filing reconsideration appeals were found disabled (7%).

Statistics for foster children seeking SSI in Illinois also support this conclusion that many fewer children are qualifying for SSI benefits. Since February 1992, LAFC has filed and pursued SSI applications on behalf of children in the foster care system in Cook County, Illinois. LAFC staff file SSI applications only for

⁵ Congress has previously recognized this problem. The Social Security Independence and Program Improvements Act of 1994 (Pub. L. 103-296) requires SSA to conduct CDRs on children receiving SSI benefits after they reach 18 years of age.

⁶ This is taken from statistics provided to Jonathan Stein of Community Legal Services of Philadelphia, Pennsylvania by the Social Security Administration. The statistics, which track initial SSI children's determinations made from February 11, 1991 through June 30, 1994, show that 1,536,120 determinations were made, with 779,332 (51%) found disabled and 756,788 (49%) found not disabled.

those children for whom there is strong evidence of severe impairment(s). For the months of February 1992 to June 1992, 88% of children for whom applications were filed were found disabled. For July 1992 to June 1993, 73% of children for whom applications were filed were found disabled. For July 1993 to October 1994, 55% of children for whom applications were filed were found disabled. This data shows a precipitous drop in the approval rate for these children, whose cases were pre-screened for severe impairment(s) before filing.

2. Children With Minor Behavioral And Other Problems Should Not Be, And Are Not Being, Found Disabled Under The Current Children's Disability Standard.

Another charge made by critics is that children with minor behavioral and other problems are too easily found disabled under the current children's disability standard.⁷ Neither the legal standards for determination of child's disability nor my experience substantiate these charges.

First, no child may be found disabled unless there is a medically determinable impairment. 42 U.S.C. § 1382c(3)(A) & (C)("[A] physical or mental impairment is an impairment that results from anatomical, physiological, or psychological abnormalities which are demonstrable by medically acceptable clinical and laboratory diagnostic techniques.").

Second, a child's medically determinable impairment(s) must be functionally "severe" for that child to be found disabled. 20 C.F.R. § 416.924(d) ("If your [impairment(s)] cause[] no more than a minimal limitation in your ability to function independently, appropriately, and effectively in an age-appropriate manner, we will find that you do not have a severe impairment, and are ... not disabled.").

Finally, SSA looks very hard at behavioral and other problems in assessing disability. SSA Disability Digest No. 94-3 states:

Most, if not all, children exhibit "disruptive behaviors" to some degree at times. Disruptive behaviors may be transient, increase with time, or diminish as the child matures. To have an impact on a disability determination, the alleged behaviors must result from a medically determinable impairment. If you establish a "causal" relationship to a medically determinable impairment, you must then determine to what degree the impairment-related behaviors limit the child's functioning."

Disability Digest No. 94-3 then goes on to require that, before any child can be found disabled, the disability examiner must obtain evidence regarding "the nature and intensity of the disruptive behaviors," "the frequency and duration of the behaviors," and "any interventions attempted to change the child's behaviors and the responses to these interventions." *Id.* This required evidence gathering ensures that no child with minor behavioral or other problems is found disabled.

In my experience, children whose claims are based on behavioral problems are the hardest in which to show disability. Doctors at the Illinois BDDS have informed me that they look at these cases carefully to identify those children whose behavioral problems are not the result of a medically determinable impairment

⁷ These charges concern roughly 22% of the children's disability population. Data from June 1994 showed roughly 832,000 children receiving SSI benefits based on disability or blindness. This population breaks down as follows: 44% of these children were disabled by mental retardation; 22% were disabled by psychotic and neurotic disorders; 25.4% disabled by physical diseases and conditions or congenital anomalies; and 8.5% by other impairments.

or not functionally severe enough to disable the child.

3. Charges That Children Have Faked Disabilities Or Foregone Medical Treatment To Qualify For SSI Are Unsubstantiated.

Some of the harshest attacks made by critics have alleged widespread fraud by the parents of disabled children. The alleged abuses are twofold: a) that parents have "coached" their children to cheat on tests measuring mental impairments, such as IQ tests to qualify for disability; and b) that parents have not given children prescribed medications or denied them access to needed treatment to cause an impairment to be disabling enough to meet the SSI standard.

a. Coaching Children To Perform Poorly

No hard data supports the charge of widespread cheating in the SSI children's program. SSA examined this issue, issuing a report in May 1994. Social Security Administration Office of Disability, Findings From The Study of Title XVI Childhood Disability Claims (May 1994). This SSA review of 617 school-related behavior disorder decisions found "no evidence of widespread coaching or 'malingering.'" Possible coaching was found in 13 of the 617 cases studied, 2.1%. Of the 13, ten were denied and three were found disabled, with all three allowances based upon impairments separate from the coaching-related impairments. Thus, none of the cases with coaching led to disability.

Indeed, this argument assumes that it is easy to fool trained disability examiners who look to multiple sources, not any one person, to establish eligibility. By obtaining evidence from physicians, psychiatrists, psychologists, social workers, teachers, therapists, guidance counselors, and laypersons, including SSA's own doctors, SSA's rules make it almost impossible for a child to be found disabled based on a single test result, or evidence from a single source.

For example, 20 C.F.R. § 416.924(g) stresses that the disability decision must be based on longitudinal evidence; that formal testing results must be tested against "customary behavior and daily activities" and that any discrepancies between the two must be resolved before a child could be found disabled; and that records from educational and other intervention programs are important sources of longitudinal evidence in the disability determination. See also 58 Fed.Reg. 47546 (Sept. 9, 1993) ("We do not disregard any relevant medical or nonmedical evidence, including test scores, but neither do we disregard apparent conflicts in the record when we consider that evidence in conjunction with the rest of the evidence."); and SSA Disability Digest No. 94-6 (March 1994) ("Listing 112.05 requires the establishment of mental retardation (MR). A low IQ score alone does not establish mental retardation. Deficits in adaptive functioning are part of the definition of MR and must be consistent with a person's IQ scores. Therefore, Listing 112.05 cannot be met unless an individual manifests both significantly subaverage general intellectual functioning and deficits in adaptive functioning.").

Moreover, in my experience, disability adjudicators take 20 C.F.R. § 416.924(g) very seriously. Doctors at the Illinois BDSS have informed me that they were very concerned about possible cheating or malingering effecting test results--thus, they carefully compared test results showing disability against the other evidence of record. Indeed, LAFC advocates routinely receive disability decisions that find children not disabled even though the records contain IQ test scores in the 50's and 60's because the adjudicators find that the children are performing at a higher level in "customary behavior and daily activities" than the IQ test results would indicate.

b. Failure To Follow Prescribed Treatment

I am not aware of any study that substantiates the charges that some parents fail to follow their children's prescribed treatment so that child will meet the SSI disability standard.

However, such cases should be denied disability. SSA regulations provide that "[i]n order to get benefits, you must follow treatment prescribed by your physician If you do not follow the prescribed treatment without a good reason, we will not find you disabled or blind or, if you are already receiving benefits, we will stop paying you benefits." 20 C.F.R. §§ 416.930(a) & (b).

In my experience, claimants, including children, who do not follow prescribed treatment, are routinely denied SSI disability. The regulations are clear and straightforward. And, disability adjudicators are well aware of those impairments, such as attention deficit disorders, asthma, or seizure disorders, that are usually controllable by medication or other therapies. The adjudicators routinely investigate whether prescribed treatments are being followed, and deny the claims when they find failure to follow prescribed treatment.

5. Disabled Children And Their Families Are Best Served By Cash Payments; A Voucher Program Would Not Cover Many Types Of Assistance Needed By Families Of Disabled Children.

a. The Need For Cash Payments

The basic purpose of SSI cash benefits is to pay for food, clothing, and shelter.⁸ The benefits may also be used to pay for the child's extraordinary daily expenses or disability-related expenses.

In my experience, the main use of SSI benefits is to provide food, shelter, and clothing for a disabled child. And, for the most part, SSI cash benefits replace wages of a parent who is forced out of the employment market because of the special needs of his or her disabled child.

The burden of care for a disabled child often precludes competitive employment. For example, one parent of a child with severe asthma was forced to quit her work as a secretary because of her frequent absences to care for her child. Likewise, the parent of a child with seizures could not keep employment because of her frequent absences to care for her daughter with a seizure disorder.

Many other parents with disabled children cannot find adequate child care to allow them to work. Adequate child care is not

⁸ Some have charged that parents have misused SSI funds, either in spending that did not benefit the disabled child, or in spending that, although for the benefit of the child, was improper. In large part, I believe that "misuse of funds" resulted when Zebley class members were paid large retroactive lump sums. Zebley children who were found disabled received lump sum SSI payments as high as \$25,000 to \$30,000, with average payments of \$10,000 to \$15,000. However, under SSI resource rules, 20 C.F.R. § 416.1233, the children were required to spend these funds within six months if the child was to remain SSI eligible. Thus, parents were all but forced to quickly spend lump sum awards so that their children could remain SSI eligible, and correspondingly, eligible for the Medicaid coverage that accompanied SSI eligibility.

Indeed, if a parent is in fact abusing his or her duty to spend SSI monies for the child's benefit, SSA can and will remove the parent as a "representative payee" for the child and find another responsible person to receive the child's SSI payments.

inexpensive, and often is too costly for parents working in low wage jobs. And, this problem is exacerbated when the child is disabled. For example, even a mentally retarded child often needs more specialized child care, because the care requires extra vigilance to watch that child more closely. Child care for disabled children is often more expensive, and more difficult to find. Many private child care providers will not care for disabled children.

b. The Problems With A Voucher Program


Some have suggested that the current cash payment system be replaced with a voucher program that would cover items not covered under a state's Medicaid plan. However, such a plan would not adequately meet the needs of disabled children, and would add another level of bureaucracy that would further frustrate efforts of disabled children and their parents to obtain needed services and supplies. Certainly, such a program would not provide for a child's food, shelter, and clothing.⁹

Moreover, disabled children already use a voucher program, Medicaid, to receive medical care. That voucher program is neither efficient, nor easy for recipients to use. In Illinois, disabled children and their parents have difficulty finding doctors and other medical providers, such as wheelchair manufacturers, who are willing to accept Medicaid as payment for treatment because of low Medicaid reimbursement rates and long delays in payment. And, children and their parents continually have problems maintaining eligibility for Medicaid and establishing that Medicaid will cover certain medical services and devices. Setting up another voucher program will create the same problems for disabled children and their families.

In conclusion, I do not believe that the children's SSI program is so flawed that it must be overhauled. Certainly, certain steps must be taken to ensure the integrity of the program. Chief among these must be requiring SSA to immediately implement a systematic continuing disability review program to ensure that children receiving SSI benefits are still disabled. See pp. 3-4.

Should you have any questions or need additional information, please contact me. Thank you for the opportunity to provide you with this written testimony.

Respectfully submitted,


Thomas Yates

⁹ In response, some critics have suggested that such families with disabled children can survive on AFDC if the SSI program no longer provides cash payments. See HHS Inspector General study at p. iv-v. However, the AFDC program is no panacea for the families of disabled children. First, AFDC almost certainly will be reformed to include stringent work requirements that will adversely affect the parents of disabled children, who cannot work because of the need to provide care for their disabled children. And, the low level of payments does not provide enough for a family with a disabled child to survive. For example, in Illinois, a child and mother receive \$278 monthly in AFDC, 34% of the monthly federal poverty rate for two persons. A parent and a disabled child receive \$670 (\$212 in AFDC for caretaker parent and \$458 for the child in SSI), 82% of the monthly federal poverty rate for two persons. (Based on 1994 federal poverty rate of \$820 for two persons).

**TESTIMONY OF LEE GREGORY AND JOHN CHENEY EGAN
MANDEL LEGAL AID CLINIC, UNIVERSITY OF CHICAGO**

Thank you for allowing us this opportunity to submit our statement regarding the Personal Responsibility Act - Contract with America to the House Ways and Means Committee. More specifically, we are responding to the potential reduction of benefits for individuals diagnosed with a substance abuse disorder on the Supplemental Security Income Program. These comments were prepared by John Cheney Egan, Social Service Coordinator and Elizabeth Gregory, a second year social policy intern for the Homeless Assistance Project at the Mandel Legal Aid Clinic. The Mandel Legal Aid Clinic is the clinic of the University of Chicago Law School. The Homeless Assistance Project assists individuals who are homeless and mentally ill (which includes substance abuse) obtain benefits, housing and services. We are currently assisting twenty three individuals who are seeking Social Security Disability Insurance and/or Supplementary Security Income. The majority of them are seeking benefits, at least in part, due to a substance addiction disorder. These individuals have recently been subjected to strict time limits and punitive rules in order to receive SSI, their access to this government assistance program should not be impeded any further.

Treating technologies for substance abuse are still in their infancy stage. Only recently has substance abuse been recognized as a disease. While we wait for effective medical treatments to be developed, we must use the psycho-social approaches to helping people address their illness. One commonly used treatment methodology recognizes that many people who abuse substances are immersed in a drug culture, a culture of disease. They spend much of their time around other people who share and support their illness. Treatment begins by introducing the client into a culture of recovery. The culture of recovery supports the individual decision to abstain from drugs and alcohol. This is a difficult process for the client because they are asked to leave the culture which is comfortable and familiar and enter one which is foreign to them. The income provided by SSI supports individuals efforts towards recovery by giving them the economic means to support themselves while they are crossing the bridge between the two cultures.

Mandel Legal Aid serves primarily indigent clients. For these individuals the process leading to recovery is even more pronounced. When a homeless person comes to the clinic for assistance our first priority is to secure some type of housing. Without the stability of having a roof over one's head it is impossible to begin to deal with other issues, such as psychiatric care or substance abuse treatment. Due to the epidemic proportions of homelessness in this country, finding even marginally safe and permanent housing is difficult and expensive. Supplementary Security Income provides these individuals with their only means of obtaining and maintaining stable housing which in turn allows them the stability necessary to seek and participate in substance abuse treatment.

Under the current SSI regulations individuals who receive SSI due to a primary diagnosis of substance abuse must either be waiting for or receiving appropriate treatment while they are receiving benefits. We have found that for some clients it is helpful to inform our clients that the Social Security Administration mandates treatment for persons on SSI for a substance abuse problem. This often provides the extra incentive

necessary for a person to begin the arduous process of finding a treatment program. None of the clients who we have assisted in securing SSI benefits for a substance abuse disorder came to our program seeking treatment, they came seeking federal disability benefits. After developing a relationship with the clients we were able to stress the importance of appropriate treatment. Every client who has sought our services has been referred to substance abuse treatment programs. In this manner the current federal regulations provide a service to American individuals afflicted with the disease of substance abuse. Reducing the amount of benefits available to individuals with substance abuse disorders would send a clear message that the government is not interested in assisting its citizens in overcoming disabling addictions.

Often programmatic approaches to this population tend to include rules that are excessively punitive which often fail to meet their intended goals. Supplemental Security Income has helped service providers reach out to a disenfranchised population and encourage recipients to obtain treatment for their disability. Terminating this program will limit the ability of public and private service providers to assist them. In its absence this population will become more dependent on much more expensive programs such as homeless shelters, public hospitals and other service providers. These programs would have fewer resources to assist other individuals seeking there services. Therefore, cutting this program will actual cost more money by increasing the demands of people seeking services and by aggravating the circumstances of people most in need.

It would be a grave error to further reduce the benefits available to Americans with substance abuse disorders. Our agency has successfully worked with clients to enter the culture of recovery. Our experience establishes the importance of economic stability for our clients to even begin seeking treatment. Furthermore, for many of our clients, the combined effect of financial support and treatment has facilitated greater financial independence through employment. It is on behalf of these clients that we respectfully submit these comments on the Personal Responsibility Act and Supplemental Security Income

STATEMENT OF MICHAEL S. MARCH

MONDAY, JANUARY 23, 1995

COLORADO DAILY — OPINION

Gingrich and GOP should cultivate people, not poverty

The recently empowered Republicans led by Newt Gingrich are mounting a Reagan-type raid on the U.S.

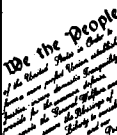
Treasury to benefit the rich and the big corporations at the expense of poor kids and their mothers. "New Democrat" President Clinton has also proposed some questionable tax cuts in a foolish effort to win some votes from the "middle class." Clinton's tax cuts will have to be paid for from cuts in existing programs and sales of national assets such as the Naval Petroleum Reserve. Gingrich's tax cuts and defense increases are also to be financed by cutting and even eliminating assorted welfare programs that have given succor and opportunity to millions of the poor and unemployed working people of America. Since these programs were started in 1935, they have been enhanced and/or continued by subsequent presidents up to Bill Clinton, who has become a Democrat turncoat.

This nation is not going to be served by cultivating more poverty, as Gingrich proposes and as Clinton did as Governor of Arkansas by running a direly inadequate AFDC program. Economists have known since the early 1960s that investment in human resources is a major factor in high labor productivity and overall economic growth. Scholars have also known that proper physical development and intellectual stimulation of toddlers is a major factor in their later development. Unfortunately, numerous studies document the hard truth that the United States has major gaps and deficiencies in its health, child-care, education, income-security, and social-services systems. It will not improve the situation to eliminate or reduce federal social-welfare programs or to try to shunt them to states and local communities, which already have enormous unmet needs and wide disparities in their people programs.

The Gingrich-led Republicans elected to the 104th Congress are proposing to cut a whole range of welfare and related social programs in the next 10 years by \$700 billion or more. For example, it has been reported that Gingrich wants to reduce family assistance programs by \$45 billion in the first four years, to knock 5 million kids entirely off the welfare rolls. He proposes to put the children in orphanages — at a cost of \$30,000 or more per child, per year. Historically, orphanages have provided a negative environment for kids. The Republicans propose to give capital gains tax cuts for the rich of \$170 billion plus plant-depreciation allowances of \$180 billion for the corporations. Clinton has countered with proposed tax credits of \$174 billion for "middle-income" families over 10 years. They include child tax credits for families with incomes of up to \$75,000 a year; college tuition tax credits up to \$10,000 for families with incomes up to \$120,000; and IRA tax credits for families earning up to \$200,000 yearly. It is difficult to see how these politicians can force children of families with little or no earnings to go hungry or homeless while the rich, the corporations, and the upper-middle class receive tax cuts.

The Gingrich-Clinton tax reduction and social-program cut proposals would be bad economics and grossly cruel social policy. For macroeconomic purposes, the government can use fiscal and monetary policy to stabilize the economy from undue cyclical fluctuations. Tax cuts for the well-to-do, the upper-middle class, and corporations during the present relatively booming economy do not make sense, because they are likely to stimulate inflation. The Republican drive for tax reductions really represents a

Revolving Door



Michael S. March

desire by the rich, who financed the Republicans into office, to repeat the 1980s Reaganism scenario — but this time, with drastic reductions in federal programs for the poor and working people. Reagan and Bush greatly boosted defense spending and made huge cuts in taxes. Their resulting budget deficits led to an increase in the public debt from \$0.9 trillion in fiscal 1980 to \$4 trillion in 1992 — and their deficits still dog our economy. Interest costs on the public debt quadrupled from \$75 billion in 1980 to \$292 billion in 1992. The Clinton administration projects that the debt will rise to \$6.3 trillion by the year 1999. No wonder that Clinton's economic advisers urged him not to join Gingrich's tax-cut game.

Additional tax cuts under these circumstances — especially if the Republicans secure enactment of the constitutional balanced-budget amendment — would end up requiring destruction of numerous federal programs and agencies or large tax increases. If the related Republican proposal drafted by Dick Army for a flat 17-percent tax on income should be enacted, the United States would also end up with an intolerably regressive and unjust tax system.

From the microeconomic and social-policy standpoints, it is incredible that the Republicans in the 104th Congress propose to destroy the "social contract" that has existed between the people and the U.S. government since the Great Depression. The Republican proposals for 1995 to virtually eliminate programs for the needy would devastate the lives of millions of grievously needy people.

The United States needs effective anti-poverty programs. Census data show that the inequality of income and poverty have been burgeoning here since 1980. The incomes of the top fifth of the population jumped from 44.1 percent of the national total in 1980 to 48.2 percent in 1993. The income share of the bottom fifth slid from 4.2 percent in 1980 to a meager 3.6 percent in 1993 — and these people were the ones targeted by the Republicans for huge program cuts. The income share of the top 5 percent of households in 1993 reached 20 percent, as compared to 16.5 percent in 1980. The number of poor people in 1993 reached 39.3 million, the highest rate in 10 years. Among children, 22.7 percent were living in poverty in 1993; that is, four out of 10 people in poverty were children. That is not a way to build a great nation.

There is also an enormous concentration of wealth in the hands of the very rich in the United States. The 1993 Congressional "Green Book" shows that the top 10 percent of the households owned \$10.3 trillion of this country's wealth in 1989. The wealth of this group under the Reagan and Bush administrations had increased by \$3.6 trillion since 1983. Just in that short span of time, the wealth of this group increased more than the public debt rose under the Reagan and Bush administrations.

Poverty is the breeding ground for human failure and for numerous other social problems, such as crime, substance abuse, teen-age pregnancy, child neglect and abuse and intergenerational poverty. The Republican "contract" will greatly increase poverty in America if the Congress adopts its damaging provisions. The richest country in the world will be imposing on its children the conditions of a Third World country. Why would Republicans want to do this to America? The U.S. government can meet the legitimate social and other needs of this country by levying modest additional taxes on the very wealthy and the transnational corporations. Every child born in this country deserves a full chance to share in the opportunities this nation can readily provide if it adopts fair policies.

Michael S. March, Ph.D., served as a fiscal and legislative analyst in the Bureau of the Budget/OMB, Executive Office of the President, from 1944-1973 under six presidents. He is also emeritus professor of public affairs, CU-Denver.

**TESTIMONY OF CHARLES R. COOPER
MARYLAND FOSTER CARE REVIEW BOARD**

**TO THE UNITED STATES HOUSE WAYS AND MEANS
SUBCOMMITTEE ON OVERSIGHT**

**REGARDING THE "427 PROTECTIONS"
AND CHILD WELFARE LAWS GENERALLY**

February 7, 1995

Background

There is a child welfare crisis in the United States. The extent and severity of damage to children from child abuse and neglect has intensified in the past ten to fifteen years. The child protection system did not initiate the social problems leading to this crisis.

If the principles and protections of PL 96-272 had not been enacted, the child protection system would be out of control and vulnerable children in this country would be unimaginably worse off. This is not to say that every procedural requirement of existing IV-B and IV-E law is vital. Below, we will try to point out where less effective laws could be eliminated or streamlined.

Retain Basic 427 protections from PL 96 -272

The essential requirements of PL 96-272 are that

- each state must have an **inventory** of foster children in its charge; more recently this requirement has been expanded to advance the creation of AFCARS, a national database for foster care and adoption;
- for each child there must be **case plan** which, in its essence, shows 1) where and when the child will be placed in a permanent home; 2) how well the current out-of-home placement meets the child's needs and, if it doesn't, what changes in placement are contemplated; and 3) by what steps these permanent and temporary placements will be accomplished;
- an **administrative review** must be held each six months for each child; and
- a **court disposition hearing** must be held for each child and the court must determine whether reasonable efforts have been made to keep the child out of foster care. **Court reviews** must follow each 18 months; the court must assess the progress toward placing the child permanently.

The true goals of foster care are embodied in the case plan requirements and the reasonable efforts determinations. Who can say that if a child you cared about were placed in foster care that you would not demand that these rational measures be taken on the child's behalf?

Would you truly be willing to commit the child to a system that cannot create a computer record of the child's stay in the system when you would not entrust your money to a computer-less bank? Should we not have a national database so that Congress can intelligently formulate policy on the 500,000 children in public custody when we spend billions on economic statistics of every variety?

Would you be willing to commit a child you care about to the authority of an agency and a person who could not coherently express in writing how the child's placement is better than living in the home from which the child was removed?

Would it be acceptable if a child stayed in foster care for year upon year and no responsible authority compared the case plan to the reality to make sure that actions occurred in the child's best interests?

Would you return to the days when courts removed children from their parents and placed them in the custody of agencies who kept the children ten or even twenty years without the court ever inquiring as to the children's fate?

The citizens who volunteer their time to monitor care and permanency planning for foster children do not want these protections removed. The problems with these

requirements lie more in lack of implementation of the true intent and lack of enforcement than in the requirements themselves.

As a result of many factors, including citizen review boards, the protections of PL 96-272, and the cooperation of social services staff, progress in Maryland since 1980 is substantial:

Before 1980

Maryland could not accurately track number of children entering and exiting foster care

Children remained in care an average of four to six years.

Case records showed a permanency plan for 7% of children.

Child's status at exit was not systematically recorded.

Re-entry rate not measured.

Adoption was a low priority.

After 1980

Tracking capacity has steadily improved.

Average length of stay dropped to 18 months, although it has increased to 26 months recently.

Caseworkers make a permanency plan for all children.

Eighty percent of children are returned to parents, placed permanently with relatives, or adopted.

Fewer than one of six children return to foster care within 18 months after leaving placement.

More children adopted with less delay.

The federal requirement to prepare case plans and conduct case reviews are complied with because of fear of federal financial penalties. When staff of a local department of social services fail to comply with citizen review procedures, State and local administrators take corrective action quickly because of the federal mandate.

Mandate citizen review for every child

Citizen reviewers actively advocate for permanence on a child-by-child basis. They struggle to overcome the inertia that can lead to long-term governmental responsibility for children - a responsibility which can backfire by making the child a bureaucratic football. We continually beat the drum for social workers and judges to hold parents accountable for *their* responsibility to remedy the causes which required the state to remove the children.

Citizen reviewers know that the case review is the indispensable mechanism to assure progress on implementing case plans. Our boards find about 15% of cases in which we judge that either the casework effort is expended in the wrong direction or that the court or social agency is failing to act promptly to facilitate permanent placement. We have many letters from social services administrators stating that case planning will change direction or that inaction will be turned to progress because of the recommendations of the review board. It is one thing to write a plan and another - much more difficult - thing to actually do it. Suppose no one were conducting these reviews to find those 15% of cases - children - where progress is inadequate. The accountability of a properly-conducted review makes things happen. We recently received a memo from the Director of the Baltimore City Department of Social Services stating, "We . . . feel that an outside review is preferable."

One of the most fortuitous effects of instituting citizen review is the impact it has on child welfare reform. The benefits extend to all three branches of State and local systems. The Maryland Foster Care Review Boards (FCRB) have exercised leadership as advocates for the following changes and outcomes (among many others):

- Caseloads are kept fairly low compared to many other states.
- The State has promulgated an interagency family preservation plan and set a goal in law to prevent placement whenever it is in the child's best interests.
- Adoption and termination of parental rights laws have been amended 14 times since 1987 to expedite the adoption process.

- The single state agency (Department of Human Resources) has accepted many of our suggestions regarding regulations and procedures - for example to combine foster care and adoption home approval processes in order to eliminate delays in foster parent adoptions.
- Our new Governor was in office less than one week when he promulgated an adoption initiative using bills and other reforms proposed by FCRB.

It is our belief that the effectiveness of the 427 requirements and the citizen review system (which was created in Maryland prior to PL 96-272) are mutually reinforcing. In our view contention that the requirements are ineffective is colored by the lack of citizen participation in the larger states such as New York and California. Insofar as the requirements did not work because of unenthusiastic enforcement by DHHS, the best remedy would be to tighten accountability and reserve a small fund to provide incentive payments to states which achieve the *substance* of federal permanency planning requirements.

We endorse language submitted to the Subcommittee by the National Association of Foster Care Reviewers. It creates a meaningful citizen oversight function that has enough practical support to be effective as statewide monitoring and advocacy agents for children.

Citizen review need not be costly. Maryland has one of the most extensive citizen review programs in the nation. Total expenditures come to about \$80 per case review conducted. Compare that cost to the \$20,000 average cost for one year of foster care.¹

Eliminate unnecessary or duplicative requirements

IV-E program - is flawed at its core. The requirement that the child be removed from the "parental home" is not in the nation's or the children's best interests. The requirement should be of a finding of abuse, neglect, or abandonment, or, alternatively, the narrow voluntary placement provision now in law. More significantly, the federal government is willing to pay for states to care for children whose parents are poor enough to be on AFDC, but the federal government is not willing to pay for children whose parents earn \$9,000 per year working for the minimum wage. The result is that many hours of staff time are wasted filling out forms and making arcane distinctions among children. This paper-shuffling has nothing to do with the fact that the children need protection from abuse and neglect. Here, the states are distracted from the task at hand by needless federal complications. Maryland wastes an estimated \$1,000,000 on useless eligibility procedures for IV-E.

IV-A Emergency Assistance - Funding child welfare through access to emergency assistance creates a nightmare of paperwork. The proportion of emergency assistance funds used for child welfare purposes should be folded into a simplified system of child welfare programs (see suggestions below) so that caseworkers can do casework.

Placement in close proximity to the parent - Many of the parents are exceedingly transient. To the extent that this requirement is important, it is subsumed in the much-more-important requirement to make reasonable efforts to reunify children with their parents.

Case plan assures that the child receives proper care - this is duplicative of the requirement that case plan assures the appropriateness of the placement.

Safeguard parents' rights pertaining to visitation or a change in the child's placement - Again, transiency of many of the parents makes this provision difficult to implement. Congress should retain the requirements that procedural safeguards were applied to the child's removal from the parent and that reasonable efforts be made to reunify. In that context, it can be left to states how to handle notification of a parent of a change in the child's placement or changes in visitation arrangements.

Do not cut federal assistance for child welfare

¹About one of six children is in high-cost group care or residential treatment.

The truth is that the needs of children in the United States to be protected, especially from the destructive consequence of severe neglect, are increasing - not decreasing. While somewhat fewer than one percent of our children are in foster care on any given day, millions of today's children will spend some time in the custody of the State. Many more are harmed by abuse, neglect, and abandonment but are never placed. At a time in our nation's history when the work force is shrinking as percentage of the population due to the shift in age distribution, these child victims may never become taxpayers unless the child welfare system can be improved. Worse, they may become lifelong tax consumers.

These children do not deserve to suffer, and we should protect them on moral grounds. At the same time, there is a vital national economic interest in strengthening the child welfare system.

An overriding reasons why child welfare funding should be *increased* now is that unintentional consequences of welfare reform could exacerbate the burden on child welfare systems. Many measures are being considered including incentives for AFDC recipients to leave welfare and disincentives to their staying on welfare. Many of the situations which precipitate child welfare involvement are the culmination of years of frustrations which cause parents to literally give up on discharging their parental responsibilities. Even the most judicious welfare reforms may include measures which will cause *some* parents to reach that point of desperation. Welfare reforms which may help the country in the long run (ten to 20 years), are quite likely, in our judgement, to exacerbate child maltreatment in the short run.

Combine programs; shift priorities; retain standards that protect children

The present structure of over 20 federal programs does burden states with unnecessary paperwork. The detailed paperwork requirements are an important factor leading to over-specialization of child welfare work. This compartmentalization, in turn, erodes the continuity of casework that is necessary to make good decisions and provide the best possible help to families and children. Review boards are quite frustrated with seeing families "served" by five or even more primary caseworkers over a period of a year or two. We hope that streamlining of federal funding streams can facilitate streamlining of the service delivery system at the front line.

In the three pages which follow, we attempt to provide a conceptual design for how federal child welfare assistance to states would better serve the nation.

Our recommendations would do the following:

- Reduce the number of programs from 20 to six.
- Eliminate the present over-emphasis on funding for placement services.
- Add a meaningful but flexible incentive scheme for states to reduce scandalously high caseloads where they exist.
- Retain other important protections for children (with the proviso that citizen review will make them more meaningful)
- Create an outcome incentive fund that will act as a counterbalance so that procedural protections do not remain ends in themselves as they have in some areas of the nation.

We thank the Subcommittee for inviting comments. In making these suggestions to restructure federal aid, we recognize that we are not experts in the technical details of these programs. We do, however, see what happens to children and accept the responsibility of assisting the Subcommittee in the search for a federal-State relationship that will promote our goal:

The State should protect children, not parent them.

**POSSIBLE STRUCTURE OF FEDERAL FUNDING
AND GOVERNANCE FOR CHILD WELFARE**

Present Funding²

IV-E Foster Care	Uncapped entitlement	\$2,606,000,000
Adoption Assistance	Uncapped entitlement	317,000,000
IV-A EAFC/ESFC ³	Uncapped entitlement?	300,000,000
IV-B Child Welfare	Capped grants	295,000,000
Independent Living	Capped grants	70,000,000
Family Unification (housing)	Grants to some states	50,000,000
Family Preservation ⁴	Capped grants	225,000,000
Child Abuse ⁵	?	118,000,000
Other ⁶	?	33,000,000
SS/Child Welfare Training and Research	?	24,000,000
Court Improvement Grant	Capped grants	10,000,000
Estimated Growth for 1995		400,000,000
TOTAL		\$4,448,000,000

Proposed New Funding Structure**Proposed Program****Rationale**

Separate the *adoption assistance program* and retain as an uncapped entitlement

Provides incentive for permanency

Create a *child protection program* which states can use to fund CPS investigation, family preservation services, neighborhood and community services, and treatment for the child's need. Fund it approximately equally to the foster care maintenance payments program

Expands ability to help child and family without initiating out-of-home placement. Reduces current imbalance of in-home vs. out-of-home funding by which the federal government provides an incentive for states to remove children.

Revise the remaining IV-E *foster care program*, funded approximately equally to the proposed child protection program (above).

Provides assistance to states to aid large numbers of children who will continue to need placement services.

Create a new *incentive fund* to supplement the child protection and foster care programs.

Provides a way to reward states for achieving good outcomes.

Expand *child welfare research* grants.

To provide states with much-needed guidance on best practice and to inform future policy-making.

Retain *court improvement program*.

Separate branch of state government requires assistance to improve performance in child welfare cases.

²1994 Conference amounts

³Amount "guesstimated."

⁴1995 amount.

⁵Includes state grants, discretionary activities, challenge grants, crisis nurseries, abused infants, emergency protection/substance abuse, family violence.

⁶Includes adoption opportunities, family support and resource centers, VOCA program (Department of Justice).

Proposed Funding, Governance, and Accountability Provisions

Program	Funding Formula	1st Yr Amount	Safeguards/Penalties
Child Protection	<ul style="list-style-type: none"> ● Block grant ● # of children ● # of children in poverty ● # of child abuse/neglect reports for prior year ● # of child-months of service provided in prior year ● Adjusted annually for inflation and formula factors 	\$1,941,000,000	<ul style="list-style-type: none"> ● Training or competency testing of staff ● (Total professional staff hours*) / # of child-months service provided must exceed 7; 10% penalty for each half-hour under 7. ● Information system and reports to HHS ● Child's best interests must govern
Foster Care	<ul style="list-style-type: none"> ● Uncapped entitlement ● # of child-months of foster care provided X average cost for maintenance and administration ● Match rate reduced to account for un-linking from AFDC and first year reduction in budget 	\$1,942,000,000	<ul style="list-style-type: none"> ● (Total professional staff hours*) / (# of child-months service provided) must exceed 14; 10% penalty for each hour under 14. ● AFCARS reporting to DHHS ● Child's best interests must govern ● Reasonable efforts determination ● Reasonable paternity and child support efforts ● Plan to reduce (as an absolute number or as a proportion) children remaining in foster care more than two years ● Training or competency testing of staff ● Case plans, periodic citizen reviews, and 18-month dispositional reviews ● Child removed from parent's or guardian's custody for abuse, neglect, or abandonment and placed in approved setting.
Adoption Assistance	<ul style="list-style-type: none"> ● Unchanged except match rate reduced to account for un-linking from AFDC. 	\$ 360,000,000	<ul style="list-style-type: none"> ● Unchanged
Court Improvement Grants	<ul style="list-style-type: none"> ● Unchanged 	\$ 10,000,000	<ul style="list-style-type: none"> ● Unchanged
Research, Training, and Demonstration	<ul style="list-style-type: none"> ● ? 	\$ 75,000,000	<ul style="list-style-type: none"> ● ?

Program	Funding Formula	1st Yr Amount	Safeguards/Penalties
Incentive Fund	<ul style="list-style-type: none"> States's proportional share of the following sum for prior year: $RH + Rel + Ad - RE - (50XCD)$, where $RH = \#$ returned home, $Rel = \#$ placed in rel custody, $Ad = \#$ adopted, $RE = \#$ re-entering care, and $CD =$ child deaths from abuse/neglect 	\$120,000,000	Not applicable
TOTAL		\$4,448,000,000	

- Paraprofessional service delivery staff hours count 60% of professional staff hours.

Explanation of New Programs and Requirements

- Under the Child Protection Block Grant (CPBG), states would be required to show that professional staff doing direct child welfare casework either had suitable educational background or could pass a competency test demonstrating knowledge of the basic child welfare laws and policies of the state.
- Under both the CPBG and the Foster Care entitlement program, there would be a sanction for high caseloads. A standard would be set by Congress. (In the example it is given, respectively, as seven (under CPBG) and 14 (under Foster Care) hours of staff time per child-month of service provided. An hour of staff time is the time of any person employed to work directly with children, families, or placement resources or the direct administrators of those staff. The state could count time that staff are on leave, in training, or performing administrative tasks. The method could be applied both to public agencies and to private agencies which deliver services under contract without regard to how caseloads are organized. A 10% penalty in the state's total funding under each program is assessed for each unit of time by which the state fails to meet the standard.
- Under the Incentive Fund each state would receive a share of \$120,000,000 for the first year according to its share of sum composed of the number of children placed permanently with parents, relatives, or adoptive parents. The sum would be reduced for each child re-entering foster care and further reduced by 30 times the number of child maltreatment deaths in the state. (If the total sum for a state were negative, no payment from the fund would be made.) Payments would be made on results in a prior year. For example payments for federal fiscal 1997 could be made by March 1, 1998. All the items used in the formula could be calculated from AFCARS, except for child deaths.



Michigan League for Human Services

300 N. Washington Sq., Suite 401 • Lansing, MI 48933 • (517) 487-5436

Statement on the Needs of Michigan's Low-Income Families with Children and Current Federal Proposals for Block Grants and Welfare Reform

January 30, 1995

The Michigan League for Human Services began in 1912 as a statewide private nonprofit association of citizens concerned with a broad range of human services issues and with the viability of the agencies and organizations delivering the services. In 1995, the League continues its nonpartisan work toward the strengthening of essential human services in Michigan through research, education, advocacy and support services to the state's private charitable organizations. It is from the League's 83-year history of monitoring and evaluation of public social welfare and health programs in Michigan--including active involvement in the development of Michigan's Poor Laws in the 1930s at the request of the Governor--that the following observations and recommendations are made.

The most pressing need as the block grant and welfare reform discussion unfolds is for clarity on the goals of the affected programs. If an overriding goal is to change the behavior which leads to teenage pregnancy, many issues external to the welfare system would have to be addressed. If the major goal is to move welfare poor families into the ranks of the working poor, it is important to first ascertain the degree to which these groups are separate and distinct, or significantly one and the same families that churn in and out of the marginal labor force and the public assistance system.

If, however, the goal is to move welfare poor families and those characterized as the working poor onto a path which carries the potential for them to raise their children in dignity, adequacy and safety, different strategies are required. And if the overriding goal is the care and protection of children, the replacement of an entitlement to minimal subsistence for every American child with capped block grants to the states would put millions of them at unnecessary risk.

Only when the nation's goals are clarified and broadly understood can standards against which to measure when the goals are being met be developed and used. From the League's perspective, as these goals and standards are being discussed, the following issues deserve serious consideration:

1. The need for a national policy which would support and protect every American child.
2. The long-term advantage of serious and targeted investments to assist low-income parents to be self-sufficient--similar to those the state and nation make in other young adults.
3. The threat to the health and safety of families in a recessionary economy presented by capped block grants to the states--nationwide and in Michigan.
4. The inability of private charities to expand to handle additional basic needs if underfunded public programs are further cut back.

Supported by Local United Ways through the United Way of Michigan



- ***The United States should establish a national policy on children and families which would protect the well-being of all children rather than move in the opposite direction.***

The states need a reasonable level of flexibility in administering income, nutritional and other support programs to children and families, but national public policies should set general eligibility guidelines and place a uniform income floor under every American child. Further, it should be recognized that national policies to manage the economy contribute significantly to the need for assistance programs--raising interest rates to "cool off" the economy also serves to maintain a pool of 6 to 7 million unemployed persons. Lamar Alexander, then Governor of Tennessee and later Education Secretary under President Bush, outlined the issues well more than a decade ago when he advocated for a strong federal role--rather than block grants to the states--in cash assistance programs:

"First, the demand for these programs is a function of economic conditions, which, in turn, are strongly affected by federal policies (e.g., tariffs, subsidies, interest rates) over which state officials have no control. National economic policies create constantly changing groups of winners and losers. With exceptions, our national policy has been to allow such changes in the interest of a competitive economy and to use social programs to cushion the impact on individuals. I believe that the federal government, which is responsible for setting national economic policy, should also be responsible for mitigating the ill effects of this policy on individuals. Second, only the federal government can assure equity for all citizens by providing a reasonably comparable level of assistance in each state...."

"Where Should the Buck Stop," Public Welfare, Winter 1982, pp 5-6

Since the "Family Assistance Plan" was proposed by President Nixon, many thoughtful observers have advocated for a national policy which would prevent states from providing monthly cash assistance of less than \$250 to a family of three, such as is currently done in eight of the nation's states. The national median monthly grant is \$366, representing a loss in purchasing price of 42 percent since 1970. Free to set their own assistance levels for the AFDC program, states have been unable or unwilling to provide an adequate level of support to their children. This fact argues for a national policy on children and families which recognizes that the country's next generation is as important to the common good as other segments for which national policies are established and maintained.

- ***The proposed block grants which would freeze the amount of federal assistance available to the states during times of economic downturn will put many children of unemployed parents at risk in the future.***

Michigan has one of the most--if not the most--cyclical economies in the nation; when the state is not producing and selling a large number of automobiles, the number of families needing public assistance increases proportionately--just as state revenues to fund programs decline.

The current federal block grant proposals would not allow the state to receive any additional federal assistance for families with an unemployed parent(s) during cyclical troughs, just when the need is greatest. The diminishing role that Unemployment Insurance Benefits play in the support of families with an unemployed parent aggravates these cyclical crises. (Appendix A, Figures 1-6)

Given the fact that almost 180,000 more of the state's people slipped into poverty in 1993 for a poverty rate of over 14 percent *in the middle of an economic recovery*, support for a federally capped amount to help the state's needy citizens would seem extremely ill-advised. (Appendix B, Figure 7). In terms of the tradeoff--receiving complete discretion regarding how the money is spent at the state level in exchange for a capped federal block

grant, it must be considered that no amount of discretion will be able to keep families from becoming homeless in a recession. Concrete resources will be needed.

These concrete resources will be almost impossible to acquire in the next cyclical recession in Michigan given the 1994 restructuring of the tax base and the constitutional limit on the amount of revenue the state can raise. Even assuming the political will to raise state revenues to care for needy children and families during a recession, the constitutional limit may not allow for such an increase.

- ***There are several critical investments which must be made if Michigan's low and moderate-income families with children are to be self-sufficient now and in the future.***

These investments involve modifications to the state and nation's systems which have traditionally provided public support to advance the economic opportunities afforded the nation's citizens. This public support is provided on a continuum starting with K-12 education through post-secondary education and training. Corollary public systems which complement basic education and training efforts involve supportive services such as child and health care and income supports for the unemployed and underemployed. It is in this context that the League's proposals are made: many public systems which can provide economic opportunity are in place. What is needed is a commitment to modify them where necessary to provide maximum support to those families which are struggling to be economically self-sufficient and to raise their children with a standard of living which can facilitate their own future development and maximize their economic opportunities and contributions as adults and future parents.

- ♦ *The state's large human capital investment in institutions of higher education (almost one in four of Michigan's social welfare dollars) must be enlisted in a major effort to both assess the training and retraining needs of the state's unemployed and underemployed and collaborate in programs which can begin to address these needs. Particular attention must be paid to the needs of non-college bound youth.*
- ♦ *The state and nation's job development efforts in the private sector must be redoubled, with two strong emphases: first, they must focus on employment opportunities which provide a family-supporting wage now or in the foreseeable future and second, they must be geographically situated where the greatest need for economic opportunity exists. A public sector role as employer of last resort should not be ruled out as an entity which can create jobs that provide a reasonable wage.*
- ♦ *Investments in public transportation systems which can link job seekers with employment opportunities must be undertaken, and structured to also provide service to those who are engaged in shift work and other abnormal work schedules.*
- ♦ *New commitment and a major investment needs to be made in programs and systems of care for the children of parents involved in training and employment, including affordable quality care for infants and preschoolers, after school or latchkey programs, and those which involve teenagers in their leisure time. (See Appendix C for the affordability of current care in Michigan's counties.)*
- ♦ *Health care reform which provides universal access to care of reasonable quality at an affordable price must be aggressively--if incrementally--pursued lest any efficiencies gained in other social welfare programs be immediately consumed by the unsustainable cost escalation in the current health care system.*

- ***It cannot be assumed that the private emergency services network in Michigan can respond to additional unmet needs of citizens who cannot get their basic needs met through employment, the extended family, or underfunded or nonexistent public programs.***

The League has been monitoring this sector since the promulgation of federal block grants to the states in the early 1980s with funding cuts of up to 25 percent. Just as in the nation as a whole, the state's private giving can not fill the gap--particularly in times of recession when the need is greatest. Over the last 13 years, the state's strained private social services system has had to cope with the first underfunded round of federal block grants, a major extended recession, the elimination of all support to 83,000 unemployed individuals and childless couples, the withdrawal of housing supplements to 32,000 AFDC homeowners, and the severe curtailment of publicly supported emergency services. It cannot sustain the further erosion of public benefits which capped block grants would precipitate during the next cyclical recession. (See Appendix D)

- ***The problem of young women in their teens having babies and creating very fragile family units is a large and significant problem, and needs to be addressed on many fronts.***

In Michigan, the number of teen mothers under 18 who move out and live on their own supported by an AFDC grant is very small--averaging no more than 1,300 to 1,500 a month over the last five years, or less than one percent of all AFDC families. Why this phenomenon of increasing births to teens is occurring in our society at large, and how to address this very real crisis, cannot therefore be reasonably resolved within the welfare system.

- ***In the view of many child advocates, the AFDC system has not failed and it is an incorrect assumption that all persons--regardless of their philosophical position on assistance programs--support wholesale "reforms."***

Family advocates would maintain that the program did not fail the mother who came on the rolls at the time of the death, divorce or desertion of her child's father, stayed a couple of years while she got her life straightened around and a foothold in the labor market, and moved off permanently--her child was protected from destitution by the program. Such success stories abound in Michigan. Indeed, the social services department has recognized one such woman each month--an AFDC recipient who has gotten her life together, usually by participating in a higher education course of studies which led to a family supporting job.

Unfortunately, the program has not served all families this well, but most observers would maintain that the reason is directly related to the marginalization of the family caused by their extreme poverty. Consistently depressed AFDC grants deny the family the transportation, child care, clothing, newspaper subscription and telephone that the parent needs for effective job search, training and employment activities. Many observers believe--as did two major Study Commissions on Welfare Reform in Michigan find--that this debilitating marginalization flows from the family's bare subsistence income rather than flaws in the basic design of the AFDC program as is maintained by most of the advocates for wholesale changes in the program.

- ***Rational reforms can only occur in the context of a serious discussion of the needs of the children the system is intended to protect.***

Finally, who is talking about the children? It appears that virtually no policy discussions are being undertaken of the status of the nation's ten million children who are dependent on AFDC at any given point in time. How

old are they? What does their family structure look like? Where do they live? Most importantly, *how are they doing?*

In Michigan, available information provides a snapshot of the children in the AFDC system (Appendix E). Of every ten youngsters, half are five years of age or younger; another three are between six and twelve. Fewer than two are teenagers. Eight of ten live with their Mom; the other two live with both parents. These families have two children in them, but in about 40 percent of the "Mom only" families in the state, there is only one child.

Of every ten children in the AFDC program, five live in Southeast Michigan in Wayne, Oakland or Macomb County, one lives in a rural area, two live in a county with a small city, and the other two live in larger counties with a metropolitan area. Only one in ten children live in a unit where the family gets a subsidy to help with their housing costs.

Each child gets \$4.88 a day in cash assistance to cover all his shelter, utilities, clothing, transportation and other basic needs. He also gets \$2.30 a day in food stamps--77 cents a meal. He gets about \$460 in medical care a year if he sees a doctor. If he's the lucky one in four children whose absent parent provides child support to the state to offset what the state provides to his family, he gets an additional 56 cents a day in "support pass through." If his family situation deteriorates and he lands in foster care, his maintenance will cost \$45 a day--ten times the amount his mother gets to take care of him at home.

How are these children doing? *How well can any child do on total income of \$7.74 a day--particularly if he's a growing twelve year old?* His story and that of millions more like him ought to be fueling a national debate of how to reform the system to give him a fair chance to develop his potential, so that one day he can raise his own children in safety and dignity, and make his unique contribution to his community.

The Michigan League for Human Services thinks the state and nation can do better by its children, and must.

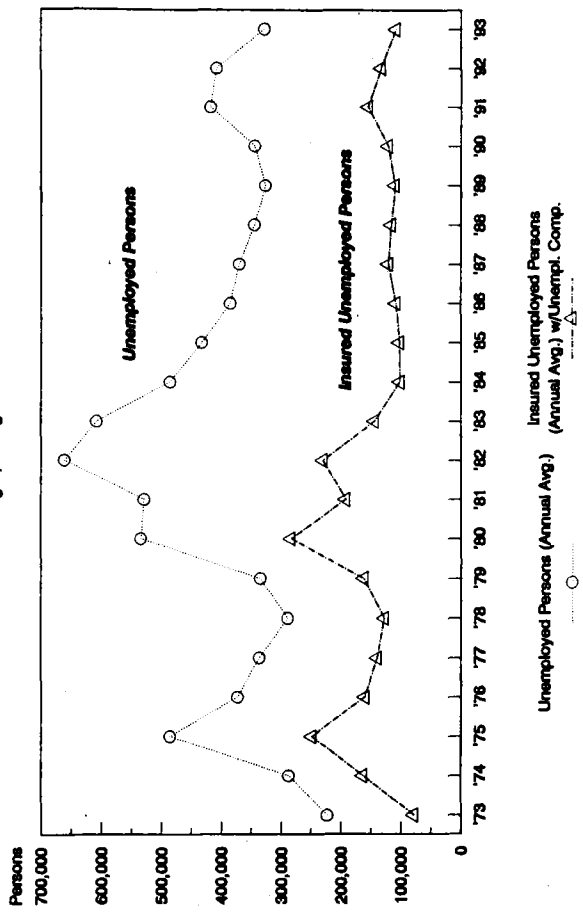
**Data on
Unemployment and Public Program Participation**

Implications of data:

- In Michigan's cyclical economy, wide fluctuations occur leaving thousands of persons vulnerable: If 1982 repeats, there will be 286,500 more unemployed persons than the average of 1990-1993--the base period which would determine the level of federal block grants to the state for assistance programs in one proposal.
- The unemployment compensation program provides a safety net for fewer workers, which fact provides increasing need for public assistance programs. (See Figures 5 and 6)
- If the economy of 1984 repeats, there will be a gap of 385,000 persons between the average number of unemployed and the average number drawing unemployment benefits. Many of such persons turn to assistance programs.
- During the 1980s, there was a 103% swing in the numbers of unemployed, and a 118% swing in the unemployment rate.
- Using the 10 year grant period between 1984 and 1994 as a reference, easily 15,000 families with 30,000 children would be at risk of limited or no assistance in an economic down-turn under the capped block grant proposals which use '90 - '93 as a base; if 1981 repeats, 23,000 families with 46,000 children would be at risk. With a food stamp block grant, 125,000 Michigan residents would be at risk of no nutritional assistance, in the kind of cyclical troughs the state experiences.

Figure 1

**Comparison of all Unemployed Persons and
the Unemployed Covered by Unemployment Insurance**
Annual Averages, Michigan 1973-1993



Calculations by the Michigan League for Human Services.

Source: See Table 1.

Table 1

SCOPE OF UNEMPLOYMENT COMPENSATION COVERAGE:

A Comparison of Total Unemployed Persons
to Unemployed Persons Insured for Unemployment Benefits

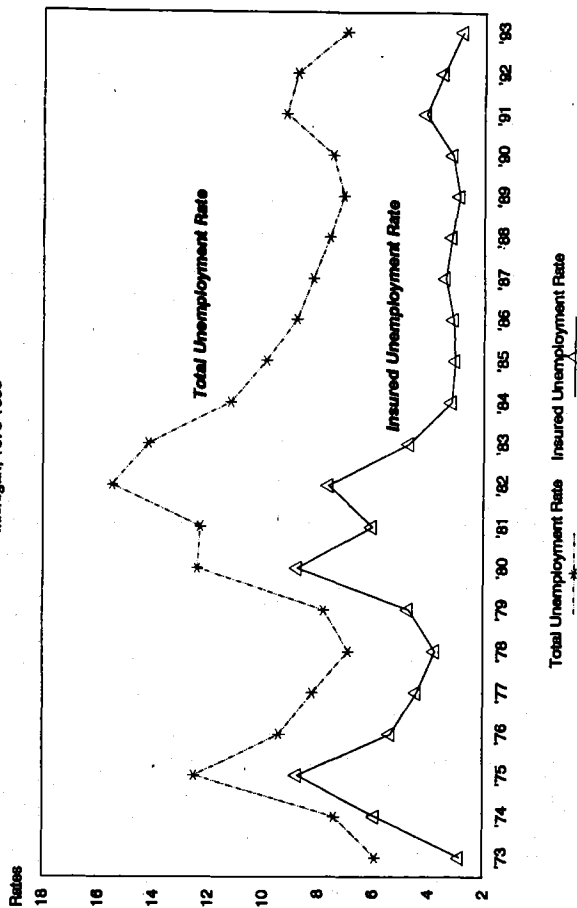
Annual Averages

<u>Year</u>	<u>Total Unemployed Persons</u>	<u>Insured Unemployed Persons</u>	<u>Ratio of Insured to Total Unemployed</u>
1973	223,000	78,834	35.3%
1974	287,000	162,949	56.8
1975	486,000	248,663	57.2
1976	373,000	160,207	42.9
1977	336,000	139,336	41.5
1978	289,000	127,673	44.2
1979	335,000	162,071	48.4
1980	534,000	283,091	53.0
1981	529,000	191,897	36.3
1982	661,000	229,703	34.7
1983	608,000	143,909	23.7
1984	486,000	101,752	20.9
1985	433,000	102,982	23.8
1986	385,000	108,267	28.1
1987	370,000	121,011	32.7
1988	345,000	116,044	33.6
1989	326,000	109,434	33.6
1990	344,000	121,120	35.2
1991	418,000	154,886	37.0
1992	408,000	133,187	32.6
1993	328,000	108,445	33.1

Sources: MESC, *Michigan Unemployment Insurance Program Statistics*, Table F-1, "Average Weekly Insured Unemployment", 1956-1993; and MESC 3221, "Civilian Labor Force, Employment and Unemployment Estimates" 1973-1993.
Calculations by the Michigan League for Human Services.

Figure 2

Comparison of Total and Insured Unemployment Rates
Michigan, 1973-1993



Source: See Table 2

Table 2

SCOPE OF UNEMPLOYMENT COMPENSATION COVERAGE:**A Comparison of Insured Unemployment Rates to Total Unemployment Rates**

<u>Year</u>	<u>Total Unemployment Rates</u>	<u>Insured Unemployment Rates</u>	<u>Ratio of Insured Rate to Total Unemployment Rate</u>
1973	5.9%	2.84%	48.1%
1974	7.4	5.92	80.0
1975	12.5	8.74	69.9
1976	9.4	5.34	56.8
1977	8.2	4.41	53.8
1978	6.9	3.75	54.3
1979	7.8	4.70	60.3
1980	12.4	8.76	70.6
1981	12.3	6.18	49.1
1982	15.5	7.63	49.2
1983	14.2	4.72	33.2
1984	11.2	3.18	28.4
1985	9.9	3.05	30.8
1986	8.8	3.12	35.5
1987	8.2	3.41	41.6
1988	7.6	3.18	41.8
1989	7.1	2.99	42.3
1990	7.5	3.16	42.3
1991	9.2	4.13	44.9
1992	8.8	3.51	39.9
1993	7.0*	2.81	40.1

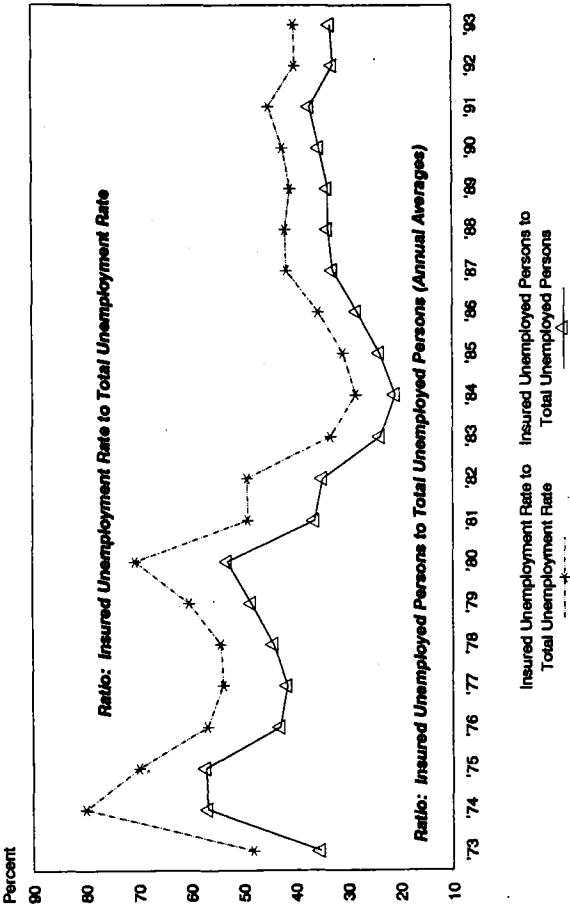
* Michigan's unemployment rate fell to 6.1 in 1994.

Sources: MESC *Michigan Unemployment Insurance Program Statistics*, Table F-3, "Comparison of Total and Insured Unemployment Rates," 1956-1983.

22table2.gd

Figure 3

**Ratios: Scope of Unemployment
Compensation Coverage**
Michigan, 1973-1993

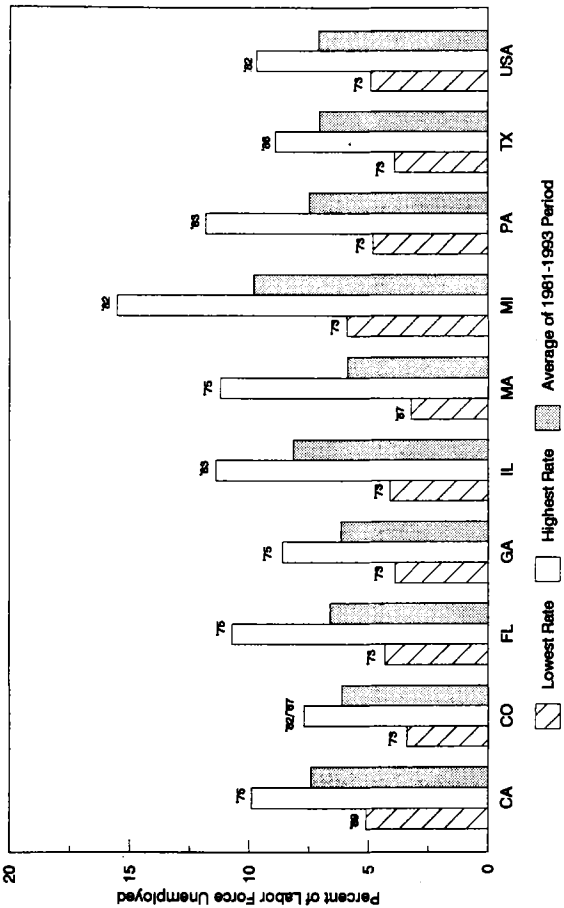


Calculations by the Michigan League for Human Services.

Source: See Tables 1 and 2.

Figure 4

Fluctuations in Unemployment Rates
Selected States, 1973-1993



Calculations by the Michigan League for Human Services.
Source: See Table 3.

Table 3

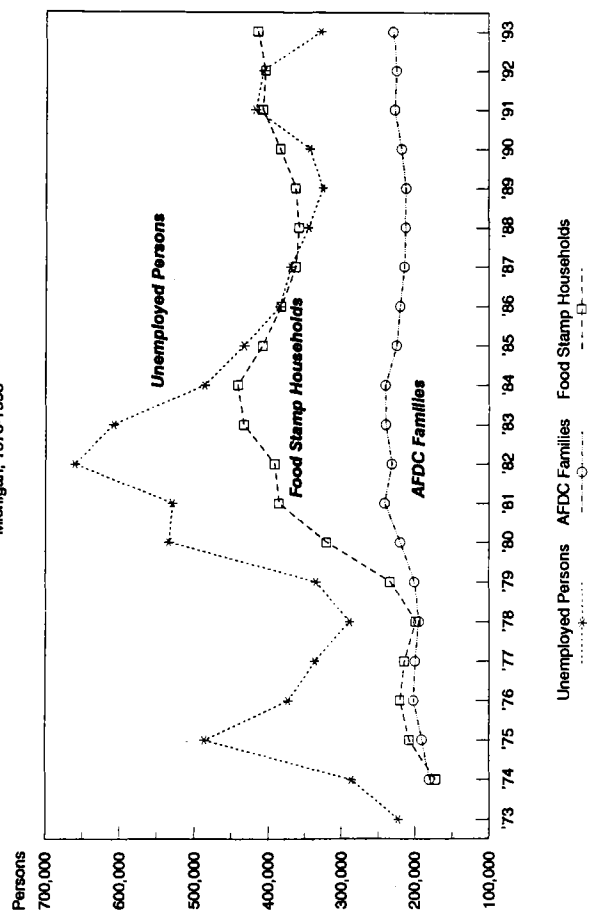
Unemployment Rates, Selected States 1973-1993										
Year	CA	CO	FL	GA	IL	MA	MI	PA	TX	USA
1973	7.0%	3.4%	4.3%	3.9%	4.1%	6.7%	5.9%	4.8%	3.9%	4.9%
1974	7.3	4.0	6.2	5.2	4.5	7.2	7.4	5.1	4.3	5.6
1975	9.9	6.9	10.7	8.6	7.1	11.2	12.5	8.3	5.6	8.5
1976	9.2	5.9	9.0	8.1	6.5	9.5	9.4	7.9	5.7	7.7
1977	8.2	6.2	8.2	6.9	6.2	8.1	8.2	7.7	5.3	7.1
1978	7.1	5.5	6.6	5.7	6.1	6.1	6.9	6.9	4.8	6.1
1979	6.2	4.8	6.0	5.1	5.5	5.5	7.8	6.9	4.2	5.8
1980	6.8	5.9	5.9	6.4	8.3	5.6	12.4	7.8	5.2	7.1
1981	7.4	5.5	6.8	6.4	8.5	8.4	12.3	8.4	5.3	7.6
1982	9.9	7.7	8.2	7.8	11.3	7.9	15.5	10.9	6.9	9.7
1983	9.7	6.6	8.6	7.5	11.4	6.9	14.2	11.8	8.0	9.6
1984	7.8	5.6	6.3	6.0	9.1	4.8	11.2	9.1	5.9	7.5
1985	7.2	5.9	6.0	6.5	9.0	3.9	9.9	8.0	7.0	7.2
1986	6.7	7.4	5.7	5.9	8.1	3.8	8.8	6.8	8.9	7.0
1987	5.8	7.7	5.3	5.5	7.4	3.2	8.2	5.7	8.4	6.2
1988	5.3	6.4	5.0	5.8	6.8	3.3	7.6	5.1	7.3	5.5
1989	5.1	5.8	5.6	5.5	6.0	4.0	7.1	4.5	6.7	5.3
1990	5.6	4.9	5.9	5.4	6.2	6.0	7.5	5.4	6.2	5.5
1991	7.5	5.0	7.3	5.0	7.1	9.0	9.2	6.9	6.6	6.7
1992	9.1	5.9	8.2	6.9	7.5	8.5	8.8	7.5	7.5	7.4
1993	9.2	5.2	7.0	5.8	7.4	6.9	7.0	7.0	7.0	7.0
Lowest Rate	5.1	3.4	4.3	3.9	4.1	3.2	5.9	4.8	3.9	4.9
Highest Rate	9.9	7.7	10.7	8.6	11.4	11.2	15.5	11.8	8.9	9.7
Avg. 1981-1993	7.41	6.12	6.61	6.15	8.14	5.89	9.79	7.47	7.05	7.09

Note: Michigan's unemployment rate fell to 6.1 percent in 1994.

Source: U.S. Employment and Training Administration, *Employment and Training Report of the Secretary*, annual and *Manpower Report of the President*, annual; U.S. Bureau of Labor Statistics, *Geographic Profile of Employment and Unemployment*, annual.

Figure 5

**Relationship Between Unemployment and
Assistance Program Participation**
Michigan, 1973-1993



Note: AFDC family participation would have been reduced in 1993, reflecting the lower unemployment rates, but for the shift of 4,700 two parent families from the former General Assistance Program (State Family Assistance) onto AFDC with the granting of a federal waiver relating the workforce certification requirements.

Source: See Tables 1, 4 and 5.

Table 4

MICHIGAN AID TO FAMILIES WITH DEPENDENT CHILDREN

Participation Summary
Fiscal Years 1973-1993

<u>Year</u>	<u>AFDC Families (Regular)</u>	<u>AFDC - UP Families (Unemployed Parent)</u>	<u>Total Families</u>
1973	-----	-----	169,356
1974	-----	-----	180,473
1975	179,491	10,918	190,409
1976	185,724	15,952	201,676
1977	183,301	16,328	199,629
1978	181,009	13,691	194,699
1979	186,727	13,370	200,097
1980	198,111	21,703	219,814
1981	203,934	37,223	241,157
1982	190,937	40,706	231,643
1983	193,426	46,422	239,848
1984	195,901	44,165	240,066
1985	190,030	34,961	224,991
1986	188,793	31,257	220,050
1987	186,211	28,004	214,215
1988	186,673	26,276	212,949
1989	187,504	24,208	211,712
1990	193,516	24,433	217,949
1991	200,893	26,522	227,415
1992	199,140	26,219	225,359
1993	197,796	31,553	229,349*

* In 1994, 223,658 families participated

Source: Michigan Department of Social Services *Program Statistics*, Fiscal Years 1973-1993, DSS Publication 170; data reflect the monthly average number of participant families for the year indicated.

Table 5

MICHIGAN FOOD STAMP PROGRAM

Participation Summary
Fiscal Years 1974-1993

<u>Year</u>	<u>Households Receiving Food Stamps and Cash Assistance</u>	<u>Households Receiving Food Stamps Only</u>	<u>Total Participating Households</u>
1974	136,376	36,285	172,661
1975	142,454	65,208	207,662
1976	158,426	61,816	220,242
1977	155,122	59,293	214,415
1978	142,713	56,136	198,849
1979	163,509	70,035	233,544
1980	217,214	102,954	320,168
1981	227,070	108,583	385,653
1982	278,355	113,342	391,697
1983	310,297	123,325	433,622
1984	328,837	112,548	441,385
1985	303,769	104,307	408,076
1986	285,338	97,792	383,130
1987	267,900	95,307	363,207
1988	263,022	95,923	358,945
1989	266,123	97,311	363,434
1990	288,165	96,228	384,393
1991	301,800	106,300	408,100
1992	229,912	175,396	405,308
1993	218,891	195,989	414,879*

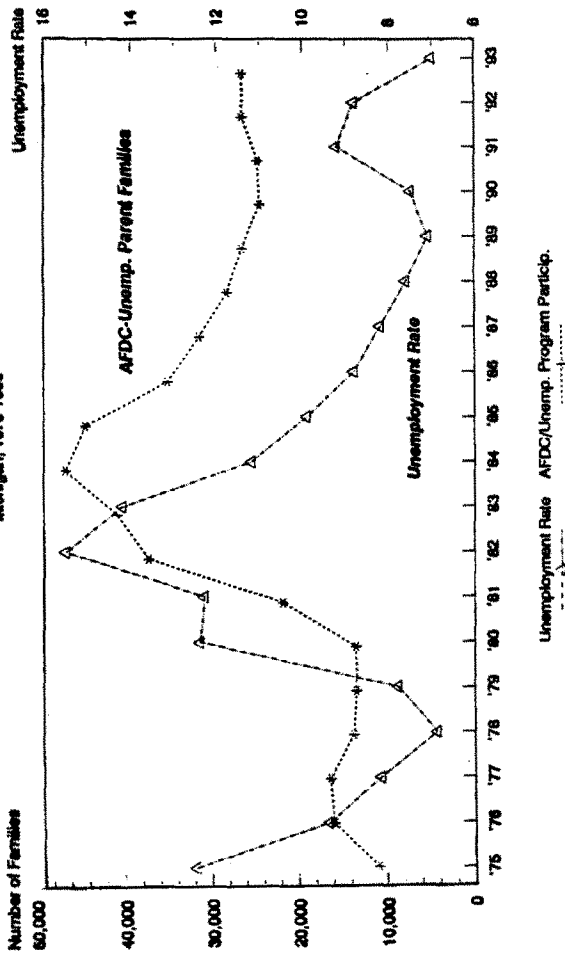
* In 1994, 418,744 households participated.

Source: Michigan Department of Social Services *Program Statistics*, Fiscal Years 1975-1993, DSS Publication 170; data reflect the monthly average number of participant households in the year indicated.

Figure 6

**Relationship Between the Unemployment Rate and
AFDC-Unemployed Parent Program Participation**

Michigan, 1975-1993



Note: AFDC family participation would have been reduced in 1993, reflecting the lower unemployment rate, but for the shift of 4,700 low parent families from the former General Assistance program (State Family Assistance) onto AFDC with the granting of a federal waiver relaxing the workfare conviction requirement.

Source: See Tables 2 and 4.

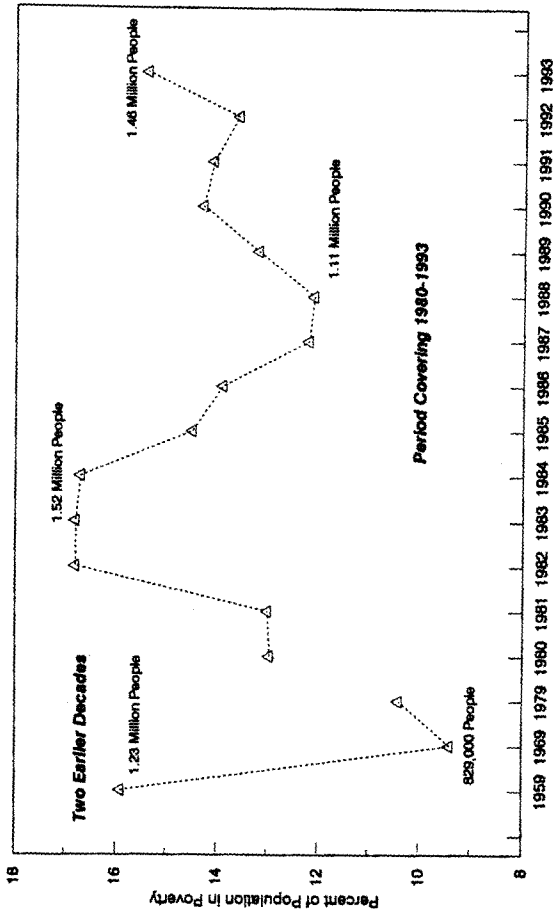
**Data on
Poverty in Michigan**

Implications of data:

- While poverty was not measured at any point during the 1960s, which makes it impossible to know exactly when the 1959 rate began to go down, the substantially reduced rate by 1969 would suggest that the poverty programs introduced in the 1960s may have had a substantial impact on poverty in Michigan in the early years.
- The best poverty rate of the 1980s (12.1% in 1987) was substantially more than that in 1970--fully 28 percent higher; this fact would support the recent University of Michigan report and analysis that only high tech/high wage jobs and low wage service jobs are being created in Michigan--with few jobs being developed which can support a middle class standard of living.

Figure 7

Poverty Rates in Michigan
Selected Years, 1959-1993



*In 1980, children made up 37 percent of all poor people in Michigan, while representing only 27 percent of the population; children have the highest poverty rate of any age group in Michigan—18.8 percent (average of 1987-1991)
Calculations by the Michigan League for Human Services.
Source: See Table 6.

Table 6

POVERTY IN MICHIGAN:

Rate and Persons Living Below the Poverty Line
Selected Years, 1959-1993*Two Earlier Decades*

<u>Year</u>	<u>Total Population</u>	<u>Poverty Rate</u>	<u>Persons Living Below the Poverty Line</u>
1959	7,767,000	15.9%	1,234,953
1969	8,820,000	9.4	829,080
1979	9,266,000	10.4	963,664

1980-1993 Period

<u>Year</u>	<u>Total Population</u>	<u>Poverty Rate</u>	<u>Persons Living Below the Poverty Line</u>
1980	9,262,078	12.9%	1,194,808
1981	9,210,520	13.0	1,197,368
1982	9,118,643	16.2	1,477,220
1983	9,055,765	16.8	1,521,368
1984	9,062,023	16.7	1,513,358
1985	9,088,326	14.5	1,317,807
1986	9,136,600	13.9	1,269,987
1987	9,199,600	12.1	1,122,351
1988	9,239,800	12.2	1,118,016
1989	9,273,000	13.2	1,224,036
1990	9,295,297	14.3	1,329,228*
1991	9,368,000	14.1	1,320,888
1992	9,433,677	13.6	1,282,980
1993	9,485,000	15.4	1,460,690

*In 1990, children made up 37% of all poor people in Michigan, while representing only 27% of the population; children have the highest poverty rate of any age group in Michigan--19.8% (average of 1987-1991).

Sources: *Statistical Abstract of the United States* 1979, Table 164, U.S. Bureau of the Census and Survey of Income and Education; *Poverty in the U.S., 1991*, U.S. Bureau of the Census, Series P-60, No. 181; U.S. Census report, 10-6-94; Michigan Information Center, Department of Management and Budget; child poverty rate reflects a Population Reference Bureau analysis of data from the Bureau of the Census, Current Population Survey (March supplement, 1984 through 1992, for the National *KIDS COUNT* project.

Calculations by the Michigan League for Human Services.

**AVERAGE CHILD CARE COSTS AS A
PERCENTAGE OF INCOME**

	Average Annual Child Care Costs (1 Child Full-time)*	Mean Family Income (Married Couple Families)**	Mean Family Income (Female Headed-Single Parent Families)**	Child Care Costs as Percentage of Mean Family Income (Married Couple Families)		Child Care Costs as Percentage of Mean Family Income (Female Headed- Single Parent Families)	
				Percent	Rank***	Percent	Rank***
MICHIGAN	\$4,423	\$49,958	\$15,419	8.9%	—	28.7%	—
Alcona	3,665	28,563	11,989	10.7	22	25.6	59
Alger	N/A†	32,426	13,143	—	—	—	—
Allegan	4,399	44,151	17,310	10.0	39	25.4	62
Alpena	3,838	37,402	11,764	10.3	34	32.6	19
Arenac	N/A	33,425	14,856	—	—	—	—
Arenac	4,399	32,635	10,284	13.5	4	42.8	4
Baraga	4,095	32,679	12,230	12.5	8	33.5	16
Barry	4,025	42,496	13,775	9.5	50	29.2	40
Bay	5,265	43,373	12,686	12.1	11	41.5	6
Benzie	3,721	32,694	12,368	11.4	18	30.1	34
Berrien	3,674	43,185	12,500	8.5	66	29.4	39
Branch	3,557	37,249	13,974	9.5	50	25.5	60
Calhoun	3,884	43,530	14,161	8.9	59	27.4	51
Cass	3,533	39,007	14,697	9.1	56	24.0	68
Charlevoix	4,282	40,629	14,648	10.5	28	29.2	40
Cheboygan	3,721	32,378	11,421	11.5	17	32.6	19
Chippewa	3,908	35,494	13,549	11.0	20	28.8	43
Clare	3,955	31,590	9,807	12.5	8	40.3	7
Clinton	3,978	47,718	19,594	8.3	70	20.3	74
Crawford	3,908	33,696	13,523	11.6	14	28.9	42
Dakota	4,083	36,915	13,089	11.6	14	39.0	9
Dickinson	4,306	41,337	13,750	10.4	31	31.3	26
Easton	4,212	47,894	19,589	8.8	60	21.5	72
Emmet	3,650	42,158	17,146	8.7	62	21.3	73
Genesee	4,048	49,308	14,073	9.2	71	28.8	43
Gladwin	4,329	30,434	9,771	14.2	2	44.3	1
Gogebic	3,487	34,208	11,282	10.2	36	30.9	28
Grand Traverse	4,142	45,459	17,062	9.1	56	24.3	66
Hastings	3,931	37,799	13,195	10.4	31	29.8	37
Hilledale	3,627	39,396	13,834	9.2	54	26.2	56
Houghton	4,259	32,972	11,837	12.9	6	36.0	11
Huron	3,516	35,526	10,996	9.9	41	32.0	24
Ingham	4,233	39,990	16,338	10.3	34	25.9	57
Ionia	3,861	40,421	14,678	9.6	49	26.3	55
Iosco	3,955	30,280	12,414	13.1	5	31.9	25
Iron	3,510	30,153	10,345	11.6	14	33.9	14
Ishpeming	3,884	37,765	12,810	10.3	34	30.3	32
Jackson	3,510	44,878	14,198	7.8	74	24.7	63
Kalamazoo	4,493	52,415	15,704	8.6	64	28.6	45
Kalamazoo	3,884	32,488	11,920	12.0	12	32.6	19
Kalamazoo	4,423	50,325	16,183	8.8	60	27.5	52
Keweenaw	N/A	35,714	12,198	—	—	—	—
Lake	2,925	26,108	8,521	11.2	19	34.3	13
Lapeer	4,259	46,150	15,198	9.2	54	28.0	49
Leelanau	4,306	42,845	16,050	10.7	22	28.6	45

† Insufficient survey data on costs.

	Average Annual Child Care Costs (1 Child Full-time)*	Mean Family Income (Married Couple Families)**	Mean Family Income (Female Headed-Single Parent Families)**	Child Care Costs as Percentage of Mean Family Income (Married Couple Families)	Child Care Costs as Percentage of Mean Family Income (Female Headed- Single Parent Families)		
				Percent	Rank***	Percent	Rank***
Lenawee	\$3,697	\$45,278	\$15,771	8.2%	71	23.4%	70
Livingston	5,429	59,739	20,252	9.1	56	26.8	53
Luce	N/A	30,155	11,776	—	—	—	—
Mackinac	4,680	30,612	11,025	15.3	1	42.4	5
Macomb	5,535	53,532	20,896	10.0	39	25.5	60
Manistee	4,235	32,735	9,562	12.9	6	44.3	1
Marquette	4,469	37,991	14,574	11.8	13	30.7	30
Mason	3,697	38,024	11,416	9.7	47	32.4	22
Mecklenburg	3,814	36,442	11,793	10.5	28	32.3	23
Menominee	3,346	36,035	13,621	9.3	52	24.6	64
Midland	5,078	49,971	14,591	10.2	36	34.8	12
Missaukee	N/A	31,299	10,997	—	—	—	—
Monroe	4,095	48,835	15,836	8.4	68	25.9	57
Montcalm	3,838	35,995	13,880	10.7	22	27.7	50
Montmorency	N/A	30,622	12,235	—	—	—	—
Muskegon	4,001	40,981	12,104	9.8	43	33.1	17
Newaygo	N/A	35,349	12,547	—	—	—	—
Oakland	5,499	68,895	22,743	8.0	73	24.2	67
Oceana	3,697	33,585	10,915	11.0	20	33.9	14
Ogemaw	3,276	32,333	10,937	10.1	38	30.0	35
Ontonagon	N/A	35,241	11,896	—	—	—	—
Osceola	3,463	33,086	11,463	10.5	28	30.2	33
Oscoda	4,095	28,972	9,239	14.1	3	44.3	1
Otsego	4,118	38,944	17,465	10.6	26	23.6	69
Ottawa	4,282	49,352	18,545	8.7	62	23.1	71
Presque Isle	3,510	33,134	11,393	10.6	26	30.8	29
Roscommon	N/A	32,958	10,326	—	—	—	—
Saginaw	4,750	45,574	12,051	10.4	31	39.4	8
St. Clair	4,376	44,476	14,244	9.8	43	30.7	30
St. Joseph	3,416	40,522	13,893	8.4	68	24.6	64
Sanilac	3,791	35,453	12,857	10.7	22	29.5	38
Schoolcraft	4,095	32,695	11,245	12.5	8	36.4	10
Shiawassee	3,604	41,931	13,536	8.6	64	26.6	54
Tuscola	3,908	39,420	12,582	9.9	41	31.1	27
Van Buren	3,744	38,363	13,244	9.8	43	28.3	48
Washtenaw	5,873	60,057	20,677	9.8	43	28.4	47
Wayne	4,750	51,123	14,427	9.3	52	32.9	18
Wexford	3,580	36,822	11,935	9.7	47	30.0	35

* Based on 1992 survey of family day care homes and child care centers by the Michigan Community Coordinated Child Care Association, Lansing, Michigan.

** 1990 Census data, based on income reported in 1989.

*** 1 = highest percentage; 74 = lowest. Ties are included.

Reprinted from *Child Care and Early Childhood Education*, A KIDS COUNT Report of Findings in Michigan, September 1993, Lansing, Michigan.

**SUMMARY OF FINDINGS
FROM EARLIER STUDIES OF
PRIVATE HUMAN SERVICES AGENCIES**

The following excerpts are taken from the "Agency Survey on Economic and Social Distress in Michigan, Phase II," Michigan League for Human Services and the Cooperative Research Program on Economic & Social Distress, March 15, 1984, a project undertaken to examine the effects of a prolonged recession and the introduction of federal block grants for health and social welfare programs at 25 percent funding reductions.

A large number of nonprofit agencies in Michigan continue to be caught in a serious dilemma between greatly increased demand for assistance from needier clients at a time when agency funding has been reduced or limited.

- ▶ One-half to two-thirds of the agencies have seen their financial resources eroded during the last few years by inflation and funding cutbacks.
- ▶ Only half of the agencies received sufficient funding to maintain their services and cover their expenditures, a problem which forced many to draw on any available reserves and to step up their fund raising efforts.
- ▶ Although financial support from private sources was significant, reliance on government funding was even more widespread--almost two-thirds of the agencies received at least some government support. On average, 50 percent of their budgets came from local, state, or federal government sources. One-third to one-half of the agencies suffered reductions in their funding levels from the public sector.
- ▶ At the same time, over half of the agencies experienced substantial increases in the number of economically vulnerable clients and individuals with other special needs turning to them for assistance.
- ▶ The shift in clientele has been accompanied by changes in the needs and service demands on private, nonprofit agencies. Two-thirds of the agencies in virtually every service category experienced an increase in demand. Requests for assistance with basic human needs (food, shelter, heat) at least doubled for two-thirds of the agencies providing such services. The biggest unmet needs confronting clients were for heat/utility assistance, housing services/weatherization, and employment/training services. Two-thirds of the agencies were unable to adequately respond to the service demand.
- ▶ The sharp rise in demand coupled with dwindling government support, especially at the state level, frequently led to restrictions in the number of clients served, reductions in the amount of services per case, decreases in staffing, and the elimination of certain programs. The changes were felt the most by children and youth and low-income clients of the agencies affected.

Reprinted from the *Final Report: The Impact on Individuals and Communities of the Reductions in Social Services in Michigan in 1991 - 1992*, May 10, 1993, pp. 51-53.
Michigan League for Human Services, Lansing, MI

- The "dollar squeeze" on private human service providers prompted a wide range of additional coping strategies which included pursuing other funding sources, reassessment of organizational and program priorities, and efforts to increase efficiency and productivity.

The summary that follows is reprinted from the League's 1991 report, "More Water in the Soup: A Status Report of Private Emergency Service Providers in Michigan."

The Respondent Providers

Experienced in service provision, over half of the providers have been around for more than fifteen years and provide multiple services, having grown with the expanding needs of their communities. In the respondent group, there was a large dependence on private funding sources, particularly for the one-third of providers directly affiliated with a religious organization. The majority also depend on the federal government for a portion of their funding, with providers of emergency shelter particularly dependent on this source. The Red Cross has apparently evolved into more than a provider of traditional disaster relief; chapters have become ongoing providers of routine emergency services as well. For a large number of other respondents, including the Salvation Army, emergency service provision has evolved into ongoing basic need supplementation for their clients rather than periodic assistance to help handle a non-recurring emergency need. Over half of the respondents reported having no larger affiliation, suggesting a truly private provision of services.

The Service Population

Clients of the respondent providers are diverse in age, with nearly a quarter under the age of twenty. They also appear to be in compromised health; only a third are distinguished by providers to be in good health, with a sixth reported as having a disability. Almost 30 percent are employed and an estimated majority receive some type of help from government-sponsored assistance programs, suggesting serious problems in the adequacy of the clients' income, whether drawn from the labor force or the public assistance system.

The Scope of the Need

Over 97,600 people, including 22,500 persons under 20 years old, are served in an average week by the survey respondents, who represent an estimated 18 percent of all private emergency service providers in Michigan. Using this premise, it is entirely possible that 542,000 people request some type of assistance from private emergency service providers in Michigan each week, including nearly 125,000 children. Even assuming a degree of duplication—that some individuals or families may receive several services in a single week, and the caseloads reported by the respondents therefore reflect the number of requests to which they respond each week and not an unduplicated count of people—the need is extensive and almost overwhelming these private organizations.

The requests of the private system are *in addition* to the 9,900 people served in an average week directly through the public emergency services system. Since it is estimated by the respondent providers that public sources represent, on average, 39 percent of their funding, public funds are supporting somewhat less than half of the privately delivered services in the state each week. Significantly, private providers report that they are experiencing increases in requests for first-time assistance, as well as for repeat assistance, and many have been forced to impose restrictions on how often needy people can be served.

The Current Service Limitations

Eight in ten respondent providers have needed to limit the services they provide at some point, with nearly a third forced to limit services routinely or frequently. Of those providers that do limit services, most (72%) either serve fewer people or reduce the amount of services available to each client. The remainder either shorten hours to allow for fewer requests, cut down on staff time for responding to requests, or change agency policies to restrict eligibility to fewer people in need. Seven in ten respondents are forced to turn people away. Those reporting that they are unable to serve all those in need indicated that they turn away between 1 and 500 persons per month, depending on the size of the agency and the scope of its services. Over 40 percent of those denied services are turned away because the agency or congregation has reached its capacity and cannot offer more assistance.

Urban and Rural Differences

Due to the significant variance in economic base throughout the state, and the access problems inherent in one setting or the other, private emergency service provision varies in a number of ways dependent upon whether the location is urban or rural. Rural respondents report providing more shelter and utility services, while urban providers report food assistance as their most frequently provided service. More clients in rural areas are estimated to be employed, and even though they appear to be older, they are in better health on average than their urban counterparts. Although providers throughout the state are forced to limit services, those in rural areas must do it more often. Rural respondents are also more dependent on public funding and will, therefore, be harder hit as it continues to decline; thus, less than ten percent of the rural providers feel they have the ability to respond to additional needs, compared to a more optimistic thirty percent of urban respondents.

Trends and Future Projections

The trend for the respondent providers has been an overwhelming increase in requests for all types of emergency assistance, coupled with decreases in funding from all sources public and private. An attitude of pessimism exists regarding the availability of additional financial support to meet the growing community need. Most providers report that their communities are willing to assist in efforts to address additional demand but are simply unable to do so.

Issue Analysis

October 10, 1994

Update: 1994 Status Report of Private Emergency Services Providers in Michigan

The Michigan League for Human Services periodically surveys private emergency services providers to assess service trends and potential problem areas; and to collect information that will focus the League's activities as an advocate for this population of providers and the persons who depend on them for their basic needs. The League completed five surveys of providers during the past decade. The first two, completed in 1983 and 1984, evaluated the impact of the state's deepest recession in over half a century and severe federal funding cuts to assistance programs in the states.

Seven years later, in 1991, findings from a third study were published in a monograph entitled, "More Water in the Soup: A Status Report of Private Emergency Service Providers in Michigan." The next year, while assessing the impact of severe programmatic cuts in Michigan, including the elimination of the General Assistance (GA) program and drastic changes limiting the scope of publicly funded emergency assistance, a survey of providers in the private sector was again undertaken. This fifth survey was completed in the Spring of 1994 and continued to focus on the changing role of private emergency service providers during an era of constricting government support for human services.

Random sampling was not possible for these studies because there is no comprehensive statewide list of private emergency service providers from which a sample can be drawn. For the 1994 survey, questionnaires were mailed to 660 private emergency services providers in Michigan using the same data base as was used in the League's 1991 and 1992 studies. Of these 660 providers, 145 returned usable questionnaires. Forty-six counties are represented in the returns, with large numbers from Wayne, Oakland, and Kent Counties. The contacts were made in the winter and early spring of 1994.

Over one-third of the respondent providers had been established since 1980, possibly reflecting the low number of survey respondents from religiously affiliated organizations compared to earlier surveys. Although the religious community has traditionally been a major provider of emergency services, only about a quarter of the 1994 survey respondents appeared to be affiliated with a religious organization (excluding the Salvation Army). Well over half of the respondents reported having no larger organizational affiliation.

A wide range of service provision exists among respondent organizations: from 1 or 2 people assisted each week by some rural providers to up to 5,000 per week in the largest agencies. Respondent providers around the state tend to be small; 50 percent serve 30 or fewer people each week and only 7 percent serve more than 500. Smaller agencies tend to be much more vulnerable to funding problems and other barriers to providing services.

Because respondents do not come from a randomly drawn sample of all of the state's private emergency service providers, results should not be generalized to all private providers in Michigan. Given this qualification, results do allow conclusions regarding the experience of different types of providers in their ongoing attempt to meet community needs.

Michigan League for Human Services

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Findings

1. Shelter related requests increased since 1992 as have those for specialized counseling services; requests for other services have remained stable.

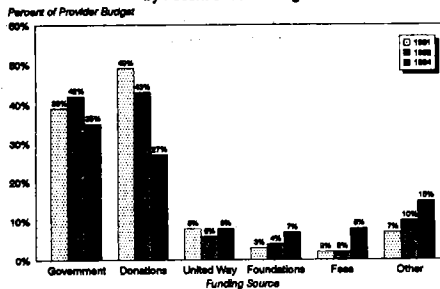
While many different services are provided by the respondent group of agencies, food boxes (66%), clothing (58%), shelter (52%), and assistance with heat and utilities (47%) are the most frequently mentioned services provided in 1994. The types of services requested have remained relatively stable over time, with the exception of a recent increase in shelter-related requests. Many agencies also provide specialized counseling services that go well beyond the traditional substance abuse, mental illness, or family counseling, such as counseling for the homeless and creation of age appropriate support groups. The respondents represent a wide variety of service capacity. Often due to the provision of emergency shelter, many of the agencies operate long hours—one-half are open longer than eight hours a day, and one-third serve people more than five days a week. Most of the agencies provide information and referral services, suggesting that many are in regular communication with other providers in their geographic area.

2. Volunteers replaced paid staff in many emergency centers; staff cutbacks reflect the centers' strategies to cope with changing service needs and inadequate resources.

There is a large utilization of volunteers by providers; over 80 percent of all persons working in the emergency centers are unpaid. The 145 respondents employ nearly 1,500 full-time and over 1,000 part-time employees. They also receive the help of over 11,200 volunteers. Increasing the overall number of staff and volunteers was necessary over the last few years to cover the higher number of hours open, as the resources with which to pay staff or cover additional expenses did not necessarily follow the increase in need. In one in five of the centers, paid staff positions had been recently replaced with volunteers.

Providers rely on a variety of funding sources, which appear to have shifted since the early 1990s. Respondents have reduced their reliance on government and private contributions; in the 1992 survey, 42 percent of respondents' funds came from government sources while 43 percent resulted from private donations. In 1994, these same providers reported shares of 35 percent and 27 percent, respectively. Reliance on foundations seems to have increased in the last few years, rising from 4.2 percent of agency budgets in 1992 to 7.2 percent in 1994. Reliance on foundations, however, is usually short lived since most do not fund the on-going provision of services. Other funding sources include the United Way and fees for service where appropriate.

**Trend In Funding Sources
by Percent of Total Budget**



3. *Shelters serve proportionately more young and elderly individuals; almost half of those seeking an emergency bed and meal are under 20 or over 60 years of age, 28 percent and 20 percent respectively.*

Age distribution differs for persons reliant on emergency shelter than for those receiving assistance from other types of emergency services; shelters report serving a greater number of the young and the elderly. Twenty-eight percent of those assisted by shelters are under the age of 20, compared to 23 percent in all emergency centers (consistent with that of previous surveys); more striking is the fact that one in five persons helped by shelter providers are over the age of 60, compared to only 13 percent in the general population of persons assisted.

4. *Few people using emergency shelter services are reported to be in good health. One in four are reported to be disabled; over half have health problems, continuing earlier trends.*

Respondent providers report that over 60 percent of the persons they serve are either in moderate or poor health, or are disabled in some way; only 38 percent appear to be in good health. In shelters, only one in four are reported to be in good health, and nearly one-quarter are reported to be disabled (compared to 13.6% disabled in the general population of persons assisted).

5. *The employment rate among persons needing help with meeting their basic needs remains stable at 30 percent, with a large share of such workers in part-time employment.*

One-third of their clients are estimated by providers to be working, with the majority of the employed estimated to be involved in part-time employment. Another third are reported to be actively seeking work. This one-third employment rate has remained relatively stable over time, with only a slight improvement over prior findings in the latest survey. This may be a result of the improved Michigan economy over the last year and the proliferation of part-time and temporary work. In addition to the constancy over time in the employment rate of emergency providers' clients, the fact that many workers need emergency services in spite of being employed also continues over time. What is noteworthy here is not the constancy in employment rates during the past two years, but that so many people who are working cannot meet their basic needs with their earnings.

6. *People receiving public income support are a decreasing share of those being served by private emergency centers.*

Respondents reported that over 60 percent of the people they served were currently receiving public assistance--somewhat less than the 73 percent of clients in 1992. The lower figure may be due to several factors, including the increasing number of providers who limit services to only those persons who can verify that they have been refused assistance by the local Department of Social Services. Virtually all respondent providers indicated that former GA clients continue to ask for emergency help--a population no longer receiving public income support from the state.

7. *First requests for services are up, particularly in some geographic areas; repeat requests have stabilized due to provider disallowance of second requests.*

Nearly 25,000 people are served each week by this group of 145 providers, with over 5,300 under the age of 20. Most respondents are experiencing an increase in the number of persons served, primarily as the result of an increase in first requests. The number of repeat requests has somewhat stabilized--a stabilization due in part to the policy of many providers (two-thirds) to disallow repeat

requests within a specified time period. A larger share of respondent providers based in Grand Rapids and Saginaw reported an increasing demand for services. Roughly one-fourth of all persons receiving services are in need of additional services from the same provider within a month, with the request either for the same service as provided before, or another service available from the emergency center.

For the fifty-nine providers completing both the 1991 and 1994 surveys, the average weekly number of people served fell from 327 to 274, with many factors contributing to the reduced number of people receiving help. Some centers established new eligibility criteria that exclude many people who would formerly have been served. Some eliminated the use of waiting lists. Others placed new restrictions on the services themselves; for example, they further limited the number of times assistance can be provided within a given time frame.

8. Providers' major adjustment to cope with increased demand and diminishing resources has been to limit the level of services and the frequency of assistance, and to apply tighter eligibility criteria.

Due primarily to limited resources, many centers are forced to routinely restrict services—one-quarter of the respondents routinely or frequently limited services in the six months prior to the survey, and two-thirds restricted repeat services. Sixty percent of the providers limit food assistance to once a month and 31 percent to once every four months. Help with rent or utilities, for those that restrict repeat visits, is generally limited to once a year for the majority of respondent providers.

Two of five respondents place restrictions on the populations eligible for help. In past surveys, the most frequently reported eligibility limitation was the strict focus of services on people whose particular needs matched an agency's service mission (for example, domestic violence). In 1994, many respondents also limit their services to those who can verify that they have been denied help elsewhere, or that they have not been sanctioned by the Department of Social Services. Providers report that they often refuse services to people who have not first applied for DSS or other state or federally funded programs. Respondents also use other private providers, such as the Red Cross or the Salvation Army, as eligibility screens in some communities.

Conclusion

Trends and Provider Projections

Most providers (roughly two-thirds) have increased their reliance on volunteers, and over one-fifth use volunteers for the functions formerly provided through paid employees. These staffing decisions could reflect funding availability and shifting resources. Respondent providers are relying much more heavily on "softer" funding sources, experiencing decreasing support from public sources and from private donors. These funding shortfalls have been offset to some degree by foundation funding and additional fees for services where applicable.

There is increasing demand for shelter-related services, including appliances, furniture, financial assistance to prevent evictions, foreclosures or utility shut-offs, emergency shelter, warming centers (daytime shelter), counseling for the homeless, and weatherization. Taken together, these requests seem to indicate broadly occurring destabilized housing situations. These services are expensive to provide and some, such as financial assistance or weatherization, often have strict eligibility requirements and are most likely to have waiting lists. Even given this increased demand for particular services, less than 15 percent of respondents reported adding new services in the past year to accommodate such specific requests.

Providers were fairly optimistic about the future, but cautioned that they will continue to limit the services available. While this was accomplished through tightening of eligibility factors in the past few years, that particular strategy was not mentioned for future problem-solving. The way respondents predicted they would make future adjustments was most often through limiting the level of a service provided (for example, fewer shelter nights available per month, or a lower cap on payments to help with rental assistance) and further restrictions of repeat assistance.

Environmental Factors

Many environmental factors serve to place people at risk of needing emergency assistance. Michigan's economic restructuring coupled with its cyclically dysfunctional economy has resulted in a substantial loss of well-paying jobs in the manufacturing industry; those opportunities have been replaced with employment in service or other low-wage industries. The value of the minimum wage is at its lowest since the 1960s and the costs of shelter consume an enormous share of many individual and family incomes. The percentage of households owning their own homes declined over the 1980s and on average, renters pay a substantially higher portion of their income on housing than owners. According to the 1990 Census, over 36 percent of all Michigan renters paid at least 35 percent of their income for housing costs. Based on the Fair Market Rent guidelines, families assisted by the Aid to Families with Dependent Children (AFDC) program are spending at least 70 percent of their cash assistance on housing.

State and federal responses to these problems continue to fall far short of the actual need. Outreach for the food stamp program is woefully lacking, and all cash assistance to non-disabled non-aged single persons and childless couples was eliminated with the abolishment of the General Assistance program. Low levels of support to families with children through the AFDC program and an increase in the number of working-poor families has resulted in periodic reliance on emergency assistance for these families' basic necessities.

In 1991, a series of changes and reductions occurred in Michigan's social services programs. Funding for the DSS fell by 15.6 percent from fiscal years 1991-1992, the largest single-year reduction in the department's history. The General Assistance (GA) and Job Start Programs were eliminated, and services formerly provided through the Emergency Needs and GA Medical Programs were sharply curtailed. Emergency assistance expenditures were reduced by 70 percent over that year and the much more limited state program to assist with crises, the State Emergency Relief program, helped only 15,170 families in 1992, down from 57,848 in 1991.

In November of 1991, following the termination of GA to 83,000 adults and the transformation of the Emergency Needs Program (ENP) into the much more limited State Emergency Relief program which together removed roughly \$290 million annually in state assistance to vulnerable populations, the state approached the Salvation Army to administer a coordinated statewide emergency shelter program. Since that time, the Salvation Army receives funding from the state and distributes it to participating shelter providers. This program's funding was intended to develop new shelter beds rather than to support existing services; centers participating in the program were required to guarantee shelter for anyone coming to them for help--essentially to institute a "no refusal" policy. The funding supports shelter and meals only; no supportive services are provided. In fiscal year 1993, the Salvation Army contract with the state was for \$7.5 million.

Over time, Michigan's private emergency services providers have had to absorb repeated and sudden increases in demands for services due to cyclical recessions and/or policy changes at the state and federal level. These demands have forced agencies to find ways to conserve scarce and often shrinking resources and to redirect their energy to best meet the needs of their communities. These survey results show that agencies continue to report increased demand for services from individuals who formerly were eligible for publicly funded assistance. Providers conserve their resources by

establishing priorities which serve to limit the populations eligible for help and the services available to them. Respondent providers indicate relative success in their attempts to redirect their agency's services and priorities. This success was not easily attained nor without cost: it was born out of compromises that left emergency centers with fewer employees, fewer people helped, and a potentially less secure funding base. Unmet need results as people are turned away.

Hopefully, the decade ahead will be one of rebuilding a secure base for Michigan's private sector emergency service providers. To accomplish this, the environmental factors contributing to individuals' and families' inability to meet their basic needs must be addressed, and an appropriate role for the public sector in meeting people's needs developed as a part of that rebuilding.

s.survey.mn/nae/pk

**Comparison of 1992-1994 Responses
from the
Surveys' Core Group of Respondent Emergency Services Providers***

These agencies reported a drastic change in hours open for service, from an average of 2.3 hours each day to an average of nearly 12 hours. This change suggests the addition of shelter services in many of these agencies—partially due to expansions resulting from the Salvation Army's contract to encourage new shelter bed development.

Overall, 38 percent increased the number of volunteers used in their agencies; this group of agencies was much more likely to replace existing staff with volunteers, as nearly half of them did compared to only one-fifth of all agencies in the 1994 survey. Funding changed fairly dramatically for these agencies over this short period of time. Although public funding remained stable, going from 46 to 48 percent, funds from the United Way fell from nearly 11 percent of an agency's budget to 4.6 percent in 1994.

The number of individuals provided services was reduced substantially over the past two years, possibly related to a decrease in funding and demand for more expensive services. These 29 agencies served a total of 18,487 individuals during a typical week in 1992. In 1994, that number had fallen to 10,052. Agencies increased their services to people who are unemployed and not looking for work and to part-time workers. The percent of people seen by the 29 providers who are also on public assistance fell from 75 percent to 61 percent.

In 1992, none of the 29 agencies reported that they would utilize the strategy of shortening hours to save on resources, but in 1994 one in four reported having done so. The agencies' current strategies rely less on tightening eligibility criteria for services, and more on limiting the level of services provided to each needy person.

Although the overall survey respondents seemed relatively positive about the future, this group of agencies is more pessimistic than the responding providers as a whole, and more pessimistic than they were in 1992; only 13 percent feel they will be able to handle new requests for assistance, compared to 53 percent in 1992.

* *A group of twenty-nine service providers responded to the last two surveys undertaken by the League. Provider responses to the latest survey in 1994 were compared to their responses to similar questions used in a survey completed in 1992. As providers of emergency services are often in flux, it is useful to compare the responses of the same sample over time to further collaborate the responses of the larger survey population.*

Appendix E

A Profile of the Children in the AFDC Program – Michigan, 1994***How many children depend for all or part of their support on this assistance program?***

In an average month between October 1993 and September 1994, 421,245 of Michigan's children were receiving subsistence support through the Aid to Families with Dependent Children program. Each month, about 5,900 children and their parents left the system, and about 5,200 other children came into it.

How old are these children?

Three and under: 35.6%
 Four and five year olds: 15.2%
 Six through twelve years old: 33.8%
 Thirteen to seventeen: 15.0%
 Eighteen and nineteen year old high schoolers: 0.5%

Who do they live with?

One parent (usually their Mom)—82.6%
 Two parents—15.4%
 In a foster care arrangement—2.0%

Where do they live?

- About half (52.4%) live in Southeast Michigan in Wayne, Oakland or Macomb County. For comparison purposes, these three large urban counties hold 42.1% of the state's population.
- Another fifth (20.8%) live in the other six Michigan counties which have a large metropolitan area. These counties hold 20.8 % of overall population.
- Somewhat rural counties, but those with a small city, are home to 17.8% of AFDC children; 25.7% of Michigan's residents live in these counties.
- In very rural counties, 8.8% of the children reside. These 49 counties hold 11.5% of the total state population.

What size are their families?

One parent and one child: 42.5%
 A parent and two children: 30.2%
 Four or more children: 10.1%

What resources are available to each child?

- \$4.88 in direct support (cash) a day, \$146 a month—regardless of age—if the child is living with his/her parent.
- \$2.30 in food stamps a day (77 cents a meal), \$69 a month.
- \$45.07 a day--\$1,352 a month—if the child is in a foster care arrangement.
- \$79.27 a day (\$2,378 a month) if the child is in a State Ward and Board setting.
- Health care services through the Medicaid managed care system of \$459 a year.
- 11.6% of children get a subsidy to help with their housing costs.
- An indistinguishable number of their families get assistance with child care costs—directly if their parent is in a training program, indirectly as a deduction from the family's earnings before their grant amount is reduced if the parent is employed.

What living costs are supposed to be covered by the cash assistance the child's family receives?

The \$435 on average that a family receives for a month has to cover their rent, their utilities, their food costs not covered by food stamps (roughly one-third of an economy food plan under the program's design), their paper products and hygiene items, their clothing, their transportation, the children's school supplies, and the family's miscellaneous costs—such as the occasional household item or birthday gift.

For the child with a parent who can get a parttime job—about one-fourth of AFDC families in the 1994 upsurge in Michigan's economy—the family would be allowed to keep an additional \$200 a month in gross earnings to take care of the above expenses as well as to cover their income and Social Security taxes and other expenses of employment. If the family's earnings come to more than \$200 after any child care deduction, the family can keep 20% of the remainder before the unit has their AFDC supplement reduced; however, low wage parttime employment appears to be the lot of many of these children's parents.

Sources: Michigan Department of Social Services, *Assistance Payments Statistics, June 1994 & October 1994*, "Monthly Trend Report of Key DSS Statistics," September 1994, and *Program Statistics, Fiscal 1993*; and Committee on Ways and Means, U.S. House of Representatives, *Overview of Entitlement Programs, Green Book 1994*, Table 10-27, p. 401, Table 10-34, p. 416 and Table 16-16, p. 801.

Calculations by the Michigan League for Human Services

STATEMENT PREPARED FOR THE
SUBCOMMITTEE ON HUMAN RESOURCES
HOUSE COMMITTEE ON WAYS AND MEANS
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H.R. 4: The Social and Economic Costs of Leaving Immigrants
Without a Safety Net

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The National Asian Pacific American Legal Consortium (NAPALC) is a non-partisan organization representing the legal and civil rights of our nation's 7.3 million Asian Pacific Americans through public education, public policy analysis, and litigation. The Asian Law Caucus, Inc. one of NAPALC's founders, has for the past twenty years provided direct legal services to thousands of low income families and seniors in the San Francisco Bay Area. NAPALC's other founding organizations are the Asian Pacific Legal Center of Southern California and the Asian American Legal Defense and Education Fund in New York City.

INTRODUCTORY COMMENTS

While there are many issues raised by the range of proposals generally described as "welfare reform" we focus our attention in this testimony on Title IV of H.R. 4, the Personal Responsibility Act. In addition to making blind, elderly, and disabled immigrants ineligible for Supplemental Security Income, H.R. 4 proposes to deny legal immigrants access to virtually all other federal assistance and programs.

This proposal to remove our nation's social safety net for immigrants is both unfair and counterproductive. The net economic contribution of immigrants to the United States clearly outweighs the limited cost of services provided to them.¹ Immigrants have played a vital role in creating new businesses in our country, paying far more taxes than they receive in government services.² Non-citizen immigrants have also made immeasurable non-economic contributions and sacrifices to this nation. For example, they have served and their sons have served with distinction and also at extraordinary human cost in the defense of this country.³

Denying nutrition, medical care, job training, educational assistance, and other services solely on the basis of non-citizen status ignores the contributions of immigrants to this country. The denial of services to immigrants in their hour of need can only drive more families into homelessness and intractable poverty.

In short, Title IV of H.R. 4 is anti-immigrant and anti-opportunity. The legislation sends the message to legal immigrants that if you become disabled or you lose your job, no matter how hard you may have worked, this country will deny to you and your family the safety net provided to all other Americans. This message is contrary to our recent history of bi-partisan consensus on the positive contributions that immigrants make to this country.⁴

TITLE IV OF H.R. 4 IS NOT WELFARE REFORM

The denial of federal assistance to immigrants contained in Title IV of HR 4 goes far beyond what should properly be considered

"welfare reform." Title IV will deny to immigrants all eligibility to over sixty government programs, including job training, public health immunizations, programs for seniors, college loans, and school lunches. The only persons exempted from the ban on services to immigrants are persons over the age of 75 who have resided in the U.S. for five or more years and refugees for up to six years from their admission into the U.S.

Aside from these exceptions, the ban on immigrant eligibility under Title IV is total and absolute. The proposal makes no accommodation for individual hardship or unanticipated circumstances. Nor does the legislation draw any distinction between legal and illegal immigrants. The result is a policy which is as misdirected as it is draconian.

IMMIGRANTS NEED A SAFETY NET TOO

Contrary to popular mythology, immigrants utilize welfare programs at a rate generally lower than non-immigrant households of similar means. A recent study by Professor Frank Bean, who testified before this committee in 1993, found that in California, the state with the largest share of immigrants, poor immigrant households are *less* likely to receive public assistance than poor non-immigrant households.⁵

The reality is that the overwhelming majority of immigrants work. Indeed, immigrants participate in the work force at a *higher* rate than natives.⁶ Nevertheless, there are circumstances in which immigrants do need government assistance. Immigrants are not immune from illness, injuries on the job, or layoffs. Immigrants also are not shielded from domestic violence or other crimes. Presumably the objective of this Congress is not to deny assistance in all such cases. Yet, whether intended or not, one of the results of H.R. 4 would be to deny any form of safety net to America's immigrants.

The removal of that safety net will unquestionably result in great human injury and social costs. For example, last year this Congress approved legislation with broad bi-partisan support addressing the serious problem of immigrant women being abused and battered by their U.S. citizen spouses. In response to many well-documented instances of immigrant women and their children trapped in horrifying circumstances, the provisions of the Violence Against Women Act (VAWA) enabled victims of abuse to leave violent marriages without fear of deportation.⁷ But Title IV will make the protections of the VAWA meaningless in many cases by denying federally funded shelter, legal services, and other assistance to the victims of abuse and their children, victims who rarely have any other resources of their own to survive upon leaving an abusive husband.⁸

BARRING IMMIGRANTS FROM PREVENTATIVE HEALTH CARE PROGRAMS IS A COSTLY MISTAKE

We also urge this committee to consider H.R. 4's broad and costly impact on health care policy.

Ironically, at a time when rising emergency room care costs are motivating private HMOs to expand preventative care services, H.R. 4 provides coverage only for emergency health care for immigrants. H.R. 4 goes farther by also denying immigrants access to immunizations, lead poisoning prevention programs, and a variety of other non-emergency health care programs.

The negative results of this blanket approach to cutting back access to health care can easily be predicted. For example, the incidence of hepatitis is high in Southeast Asian and Pacific Islander communities. The social and human costs of undetected and untreated cases of hepatitis in these immigrant communities are numerous but we will consider only one aspect here.

Without adequate prenatal care and counseling, mothers with hepatitis are likely to transmit the disease to their newborn citizen children. Once hepatitis is contracted by a child the

result is either death or life long chronic liver disease. Presently through outreach through WIC (Women, Infants, and Children) and assistance from other federal programs, health workers are providing vaccinations to at-risk babies.' By denying immigrants access to WIC and non-emergency health care, Title IV of the Personal Responsibility Act will cripple cost effective public health programs such as those preventing the spread of hepatitis.

JOB TRAINING AND ASSISTANCE IN EDUCATION PROMOTES ECONOMIC SELF SUFFICIENCY

Just as cuts in non-emergency health care are inimical to public health, eliminating immigrant eligibility for job training and assistance in education is contrary to expanding economic self sufficiency. Here again, immigrants are no different than other Americans. As our economy becomes more competitive, immigrant workers need to be encouraged to learn new skills. But this goal cannot be accomplished when a significant percentage of our work force will be made ineligible to participate in federal job training or educational assistance programs.

For instance, over 950,000 workers now labor in garment shops throughout our nation. As a result of our new trade laws it is predicted that at least 10,000 of these workers will be laid off every year as their industry and their jobs move overseas.¹⁰ The garment industry is characterized by low wages, an immigrant workforce, and extremely low job security.¹¹ Sound economic policy would provide job training and language skills to these workers so they may move on to other employment and increase their productivity. Post-secondary education is particularly important as our industries demand greater skills. Yet, exactly when our economy needs more skilled labor, Title IV of H.R. 4 would deny federally assisted job training and post-secondary educational assistance to all immigrants.

The discriminatory provisions of H.R. 4 are shortsighted and ill-conceived. To prevent poverty, "welfare reform" needs to be rooted in sound economic policy. Our country needs to support the training and development of our workforce, but H.R. 4 does the opposite. By restricting access to education and job training H.R. 4 limits opportunity. This can only deepen the impoverishment of our newest of Americans and aggravate racial relations.

MAINTAINING SERVICES TO LEGAL IMMIGRANTS IS GOOD NATIONAL POLICY

While at this time NAPALC does not endorse any current proposals to reduce access to public services by immigrants, we note that H.R. 4's total ban on immigrant access is far more draconian than other proposals with similar objectives. The proposal's blanket ban on immigrant eligibility makes no allowance for individual circumstances, including cases where immigrants are the victims of abuse, violence, or circumstances beyond their control.

Nor does the proposal address what we shall do with those permanent residents who have become too ill or infirm to work if no government program can assist them. We cannot imagine that Congress's intention is to allow the aged, blind, and disabled to starve in our streets, provided that those starving are not citizens.

In addition to overlooking the certain negative effects of Title IV, H.R. 4 apparently does not weigh the future social and economic benefits which may accrue from today's modest investment in school lunches and other social programs.

All around us we have living proof of the positive results of sound social investment in our communities. We rarely have to look far for such examples. At the Asian Law Caucus in San Francisco, one of the fine law students who assisted in researching issues for this testimony recounted to us that her family arrived in this country as refugees from Vietnam in 1975. For years her mother and her brothers and sisters lived in federally subsidized housing as

they waited for the release of her father from a political 're-education' camp. Our intern recalls the free school lunches and other assistance programs that helped her family survive. Her family has now long been off public assistance. Her mother is a public health nurse. Her sister is a pharmacist and this fall her brother will be enrolling in medical school. They are now all U.S. citizens.

If H.R. 4 has been in effect in 1975 our legal intern's family would have been ineligible for assistance long before her father was released by the Vietnamese government and before her family was able to become self supporting. We all would have been poorer as a result.

Notes:

1. As the Speaker of the House Newt Gingrich recently stated, "legal immigration has given America many of its most dynamic and creative citizens, and I think we would be a very, very self-destructive country if we sent negative signals on legal immigration."

2. Michael Fix and Jeffrey S. Passel, Immigration and Immigrants, Setting the Record Straight, (1994) Washington, D.C., Urban Institute, p. 60.

3. See e.g., Commission on Wartime Relocation and Internment of Civilians, Personal Justice Denied, (1982), pp. 253-60.

4. See, U.S. Commission on Immigration Reform, U.S. Immigration Policy: Restoring Credibility, (1994), pp. xxiii, 128-29 (bipartisan commission recommending against "any broad categorical denial of public benefits to legal immigrants"). For an economic perspective on immigration during President Reagan's Administration see, Council of Economic Advisors, The Economic Report of the President, (1986), p. 222 ("the net effect of an increase in the labor supply due to immigration is to increase the aggregate income of the native-born population").

5. San Francisco Chronicle, "Immigrant Reliance on Welfare Questioned" (June 2, 1994).

6. U.S. Department of Labor, Bureau of International Labor Affairs, The Effects of Immigration on the U.S. Economy and Labor Market, (1989), p. 188.

7. One of the VAWA's provisions provides for battered women immigrant women who are married to U.S. citizens or lawful permanent residents to gain legal status on their own without having the abusive husband file the initial papers. This allows these victims of violence to leave abusive situations without fear of deportation. Violence and Women Act, Pub. L. No. 103-322, Title IV, Sec. 40701.

8. The example of battered immigrant spouses is illustrative of why the option of naturalization does not make citizenship a sensible criteria for eligibility for government assistance. In order to become eligible for naturalization, generally legal immigrants must have resided in the U.S. for a minimum of five years and must pass a test in English. For many immigrants who work long hours with limited opportunity to study, the language test is an insurmountable barrier. Also, naturalization is only an option for adults. Immigrant children under the age of eighteen cannot become naturalized citizens. (R. Patrick Murphy, Ed., 1994-95 Immigration and Nationality Law Handbook, pp. 493-504). In addition to the substantive barriers, the Immigration and Naturalization Service has a long backlog in processing applications for citizenship. For example, in Los Angeles an applicant eligible for naturalization must wait approximately two

years before they are even offered an interview by the INS. (Interview with Bill Hing, Professor of Law at Stanford University (February 1, 1995)). Obviously, a battered spouse or someone stricken by some unanticipated illness or injury cannot wait to complete the naturalization process in order to access essential social services.

9. Asian Pacific Islander Health Coalition, California Asian Health Issues in the 1990s (report to the California Commission on Economic Development, 1990), pp. 51-55.

10. See, New York Times, "Jeans Makers Flourish on Border," (September 29, 1994) pp. C1, C13; Los Angeles Times, "Sweatshops Expanding into Orange County," (November 26, 1989), pp. A1, A38.

11. See e.g., U.S. General Accounting Office, Garment Industry: Efforts to Address the Prevalence and Conditions of Sweatshops (1994), pp. 3, 13-14.

**TESTIMONY OF LINDA H. LANGELE AND CARROLL D. MOORE
NATIONAL ASSOCIATION OF DISABILITY EXAMINERS**

On behalf of the National Association of Disability Examiners, I am pleased to present this statement for the printed record of the January 27, 1995 hearings on welfare reform.

First, please permit me to give you some background information on our association. NADE is a professional association whose membership includes individuals engaged in all aspects of the social security and supplemental security income disability programs. Although the majority of our members are employed in the DDSs, our membership also includes physicians, attorneys, advocates, rehabilitation counselors and others interested and involved in disability evaluation. The diversity of our membership provides us with a unique perspective on the disability program.

We are concerned about what is happening with the childhood disability program which resulted from the Supreme Court's decision in *Zebley v. Sullivan*. We share the concerns expressed by educators and others that providing SSI payments to children may, in some cases, cause harm. There is a growing body of evidence that what was intended as beneficial payments for the needs of these children may in fact be an abuse of the system and possibly outright fraud.

The volume of applications for SSI disability payments to children have had a significant impact on the disability program. Not only have applications increased dramatically, but these claims almost always require more documentation than most adult claims and from a wider variety of sources, many of whom are not familiar with the SSI program or who, for whatever reason, are unwilling to provide information.

Our association developed a position paper on the SSI program for children with disabilities in late 1994. A copy of that paper is included with this statement as an attachment.

As we stated in the position paper "unrestricted, unmonitored cash benefits unrelated to the identification of any financial need created by the disability, are not conducive to maximizing the child's growth and development, and may, in fact, be counter productive." We believe that the Congress should pass legislation to restrict cash payments and substitute a voucher system for as many services as are possible. There should also be a family cap established on the amount of monthly benefits any one family entity can receive.

The 103rd Congress created the Childhood Disability Commission which Social Security is charged with appointing to examine the policies and needs of disabled children. Our association believes this is a step in the right direction and we have requested representation on this commission.

The results of the court decision in *Zebley v. Sullivan* could not be foreseen. The astronomical increase in childhood disability applications, and the ballooning amount of payments to these children is far beyond anything that could have been anticipated. We believe that legislative action is urgent at this point to set in place a voucher system of payments for the medical and specialized needs of these children. Continued unrestricted granting of cash benefits to families of handicapped children, without an adequate monitoring system, will continue to produce charges of widespread fraud and abuse, as well as creating lifelong dependency on government

disability payments for many children whose conditions could otherwise be improved.

Mr. Chairman, I appreciate the opportunity to submit this statement for the consideration of the subcommittee and the Congress.

Attachment



POSITION PAPER
OF THE
NATIONAL ASSOCIATION OF DISABILITY EXAMINERS
ON
THE SSI PROGRAM FOR CHILDREN WITH DISABILITIES

MEMBERS OF THE NATIONAL ASSOCIATION OF DISABILITY EXAMINERS (NADE) SHARE THE GROWING PUBLIC CONCERN THAT THE CURRENT SSI PROGRAM FOR CHILDREN WITH DISABILITIES PROGRAM MAY NOT BE SERVING CHILDRENS' BEST INTEREST. WE CONCUR WITH THE FINDINGS REPORTED BY THE OFFICE OF INSPECTOR GENERAL IN THE OCTOBER 1994 REPORT: "CONCERNS ABOUT THE PARTICIPATION OF CHILDREN WITH DISABILITIES IN THE SUPPLEMENTAL SECURITY INCOME PROGRAM." WE COMMEND THE INITIATIVE TO ESTABLISH A COMMISSION ON CHILDHOOD DISABILITY TO CONDUCT A "COMPREHENSIVE, CROSS CUTTING POLICY EXAMINATION OF ALL PROGRAMS AFFECTING CHILDREN WITH DISABILITIES AND THEIR FAMILIES." ***WE STRONGLY BELIEVE THAT NADE, REPRESENTING THE FRONT LINE WORKERS IN THE NATION'S LARGEST DISABILITY PROGRAM FOR CHILDREN, SHOULD BE REPRESENTED ON THAT COMMISSION.***

CHILDREN WITH DISABILITIES REPRESENT SOME OF THE MOST VULNERABLE MEMBERS OF OUR SOCIETY. WHETHER OR NOT THERE IS EVIDENCE OF WIDESPREAD FRAUD AND ABUSE IN THE CURRENT SSI CHILDHOOD DISABILITY PROGRAM NO SUBSTANTIAL EVIDENCE EXISTS TO SUPPORT THE CONCLUSION THAT GRANTING UNRESTRICTED CASH BENEFITS PROVIDES CHILDREN WITH THE MEANS--***OR INCENTIVES***--TO GROW AND DEVELOP, TO BECOME INDEPENDENT, AND ULTIMATELY, TO BECOME PRODUCTIVE MEMBERS OF SOCIETY.

CHILDREN WITH DISABILITIES AND THEIR FAMILIES NEED ***AND DESERVE*** ASSISTANCE BEYOND THAT NEEDED BY THE GENERAL PUBLIC. TO ACCOMPLISH THAT WE BELIEVE THE CHILDHOOD DISABILITY PROGRAM MUST BE REFOCUSED--MOVING AWAY FROM CASH BENEFITS TO INCREASED ACCESS TO SERVICES AND MEDICAL CARE AND, WHEN APPROPRIATE, FINANCIAL ASSISTANCE TO PROVIDE FOR CARETAKER SERVICES.

UNRESTRICTED, UNMONITORED CASH BENEFITS UNRELATED TO THE IDENTIFICATION OF ANY FINANCIAL NEED CREATED BY THE DISABILITY, ARE NOT CONDUCTIVE TO MAXIMIZING THE CHILD'S GROWTH AND DEVELOPMENT AND MAY, IN FACT, BE COUNTERPRODUCTIVE. IF CASH BENEFITS ARE RETAINED, SSA MUST BE GIVEN THE ***TOOLS AND PERSONNEL*** TO STRENGTHEN THEIR CURRENT MONITORING SYSTEM TO ASSURE THAT FUNDS ARE BEING USED TO PROVIDE APPROPRIATE TREATMENT AND SERVICES. AND, AT THE VERY LEAST, THE LAW AND REGULATIONS MUST BE CHANGED TO ESTABLISH A FAMILY CAP ON MONTHLY BENEFITS.



National Association of Disability Examiners

IN ORDER TO INSURE THE INTEGRITY OF THE PROGRAM, CONTINUING DISABILITY REVIEWS (CDRs) MUST BE CONDUCTED ON A TIMELY BASIS. *THIS CANNOT BE DONE WITHOUT ADEQUATE FUNDS AND PERSONNEL.* NOT TO DO SO, HOWEVER, MAY PROMOTE A LIFELONG DEPENDENCE ON DISABILITY PAYMENTS FOR THOSE WHOSE CONDITIONS COULD HAVE IMPROVED.

ACCURATE WELL DOCUMENTED INITIAL DECISIONS ARE AS IMPORTANT TO PROGRAM INTEGRITY AS CONTINUING DISABILITY REVIEWS. THESE, IN TURN, REQUIRE COMPREHENSIVE, DETAILED AND DESCRIPTIVE INFORMATION FROM THE MEDICAL AND EDUCATIONAL COMMUNITIES. NADE ASKS THAT SSA INCREASE EFFORTS (*INCLUDING PROVIDING THE TOOLS, STAFFING AND FUNDING TO THE STATE DISABILITY DETERMINATION SERVICES*) TO EDUCATE THE MEDICAL AND EDUCATIONAL COMMUNITIES REGARDING OUR SPECIFIC DOCUMENTATION REQUIREMENTS. WE ALSO ASK THAT SSA FACILITATE RETRIEVAL OF DOCUMENTATION FROM SCHOOLS AND TEACHERS THROUGH SUCH INITIATIVES AS ESTABLISHMENT OF A UNIFORM NATIONAL FEE FOR INFORMATION FROM THESE SOURCES.

NADE BELIEVES THE CURRENT SSI CHILDHOOD DISABILITY PROGRAM MUST BE CHANGED IF IT IS TO TRULY SERVE THE UNIQUE NEEDS OF CHILDREN WITH DISABILITIES AND THEIR FAMILIES AND PROVIDE CHILDREN WITH OPPORTUNITIES FOR ACQUIRING THE LIFE SKILLS NECESSARY TO BECOME ACTIVE PARTICIPANTS IN SOCIETY. TO THAT END WE REQUEST:

- * NADE REPRESENTATION ON THE COMMISSION ON CHILDHOOD DISABILITY
- * THE ELIMINATION OF UNRESTRICTED CASH BENEFITS
- * INCREASED ACCESS TO SERVICES AND MEDICAL CARE FOR CHILDREN WITH DISABILITIES AND THEIR FAMILIES
- * ADEQUATE FUNDING AND PERSONNEL TO ENSURE THAT CDRs CAN BE CONDUCTED ON A TIMELY BASIS
- * INCREASED EFFORTS BY SSA TO EDUCATE THE MEDICAL AND EDUCATIONAL COMMUNITIES REGARDING OUR SPECIFIC DOCUMENTATION REQUIREMENTS AND TO ESTABLISH APPROPRIATE COMPENSATION FOR INFORMATION PROVIDED.

TESTIMONY OF THE NATIONAL ASSOCIATION OF SOCIAL WORKERS

The National Association of Social Workers (NASW) is the oldest and largest organization of professional social workers in the world. Its 155,000 members practice in settings that include family service agencies, mental health facilities, schools, hospitals, industry, and the justice system.

On behalf of NASW's members, we welcome the opportunity to submit our comments to the House Ways and Means Subcommittee on Human Resources as it once again examines the plight of America's needy families and how best to assure them a place in America's mainstream economy.

We, as social workers, are uniquely positioned to understand the conditions that define the lives of people in poverty, and the effects of government intervention on the well-being of low-income families. Our experience suggests that, while there is no question that the existing welfare system falls short of meeting its goals, the Personal Responsibility Act (PRA) is not a viable solution. In fact, it would be a terrible mistake—for our children, for our communities, and for the tax-paying public.

The PRA would deny basic income support to numerous poor families, including many in which parents comply with all program rules and are willing to work but cannot find a job. It would weaken the social safety net through deep cuts in programs that provide food, cash, and housing assistance not only to the poor, but to the elderly and disabled. And it would do little to create economic opportunity for those struggling to make ends meet.

For these reasons, and those that follow, the National Association of Social Workers vehemently opposes passage of the PRA.

The PRA does little to promote self-sufficiency. Only a short time ago, in 1988, Congress passed the Family Support Act—a bipartisan bill whose underlying premise was that the best way to reduce reliance on welfare was to undertake a serious effort to prepare recipients for work. Although it is widely recognized that the Family Support Act was never fully implemented as planned (most states, struggling in the wake of the recession, were unable to draw down their share of the federal funds), the Act was condemned as a failure and more drastic alternatives were sought.

The PRA is one such alternative. In its eagerness to promote personal responsibility, it abdicates public responsibility. Its approach is short-sighted and will, we believe, ultimately fail.

A 1993 bipartisan poll¹ of over 1000 registered voters found that a majority (52%) of Americans believe the goal of welfare reform should be to help the poor get into the work force. Presumably, when the public says it wants welfare recipients to work, it does so with the expectation that they will then be in a position to earn their own keep and support their children with a minimum of government assistance.

Under the PRA, this outcome is highly unlikely.

1. Under the guise of flexibility, the PRA would leave up to each state all determinations regarding what services, if any, would be offered to prepare welfare recipients for work.

Each day, Americans are bombarded with the message that our workers must be re-tooled and our young people must be better educated to succeed in a world economy marked by rapidly changing and increasingly sophisticated technology. Yet when it comes to welfare recipients, we behave as if education and training are luxuries. We offer them only the minimum, and often not even that. By pushing welfare recipients off the rolls and into the job market without ensuring them adequate preparation, the PRA's work requirement becomes a set-up for failure. What kinds of jobs will these individuals be equipped to take? How will they succeed in a competitive market?

¹ Garin, G., Molyneux, G. & DiVall, L., Public Attitudes Toward Welfare Reform: A Summary of Key Research Findings, Peter D. Hart Research Associates and American Viewpoint, 1993.

2. The PRA would place a five-year lifetime limit on receipt of AFDC benefits. (States would have the option of imposing a two-year limit for recipients who had spent at least one year in a workfare program).

As social workers, we can attest to the fact that welfare recipients are a heterogeneous group. Some will be able to support themselves fairly readily; others will not. What will become of those who are unable to find work, once their allotted time on AFDC has expired? The PRA makes no provision for them, whatsoever. Do we suppose that they and their hungry children will somehow disappear? Are we honestly naive enough to believe that cutting them off with no aid and no job will save the taxpayer money? Either we invest now or we pay the price later--in increased homelessness, hunger, emergency medical care, and crime.

According to recent polling data², eight out of ten Americans reject a hard-and-fast time limit for benefits, preferring case-by-case determinations. Furthermore, by a margin of seven to one, they support the provision of subsidized employment for those unable to find private sector jobs--a feature that is noticeably missing from the PRA's approach.

3. The PRA also requires that states implement a workfare program. Recipients would be required to work 35 hours a week in unpaid employment, for the privilege of receiving their AFDC grants. No one would be exempt, even if ill, incapacitated, or caring for a disabled infant or child.

Experience shows that workfare programs are expensive to operate (at least \$6,000 per slot for administration and child care³) and are largely ineffective in improving the employment prospects of participating parents. Because they require work in exchange for benefits, rather than paying a wage, workfare programs provide no opportunity for participants to accumulate savings.

Furthermore, requiring all participants to work 35 hours per week, regardless of the value of their benefits, means that most recipients would be working for significantly less than the minimum wage. In the median state, this arrangement would amount to a "wage" of about \$2.43 per hour (compared to the federal minimum wage of \$4.25); in Mississippi, it would be equivalent to an hourly "wage" of only 79 cents. Requiring recipients to work at such horrendously substandard wages is truly unconscionable and does little to reinforce the value of work.

4. The PRA's imposition of a lifetime limit on AFDC benefits is also fundamentally incongruent with what we know about patterns of welfare use. It presumes that the movement from welfare to work is linear--that recipients receive benefits, move off the rolls, and stay off the rolls in an orderly progression. Quite the reverse is true. Even those who successfully enter the job market often return; they cycle back and forth between welfare and low-wage or unsteady employment. Their need for assistance is intermittent.

Estimates suggest that nearly half (48%) of all families currently receiving AFDC would be terminated under the PRA's lifetime benefit limit⁴; these are people who have received a total of five years of AFDC, largely accumulated over several short stays. Imposing such a limit would leave these families, regardless of their hard work and effort, without a safety net; in fact, it would render all of us vulnerable. We are all subject to the vagaries of life; the sad reality is that, for some, adversity strikes more than once.

² Garin, G., Molyneux, G. & DiVall, L., Public Attitudes Toward Welfare Reform: A Summary of Key Research Findings, Peter D. Hart Research Associates and American Viewpoint, 1993.

³ Congressional Budget Office, 1993.

⁴ Beebout, H., Jacobson, J. & Pavetti, L., "The Number and Characteristics of AFDC Recipients Who Will Be Affected by Policies to Time-Limit AFDC Benefits," October 1994.

5. There is widespread recognition that many people who work earn too little to support their families. The PRA ignores this issue entirely. It zealously cuts recipients off the welfare rolls, but offers them no other viable source of income. If the PRA were serious about fostering self-sufficiency, it would take a hard and sincere look at encouraging job creation and increasing the earning potential and job security of those struggling to take part in the mainstream economy.

The PRA's emphasis on illegitimacy and teen parenthood is misplaced. One of the stated goals of the PRA is to reduce out-of-wedlock births. This would allegedly be accomplished by denying assistance to children born to young, unmarried mothers (under 18 or, at state option, under 21) and to children whose paternity has not been established.

As social workers, we are well aware of the problems associated with premature parenting and the difficulties many single-parent families face. We believe, however, that welfare reform legislation is an inappropriate vehicle for addressing these issues and that the PRA's approach to reducing teen pregnancy and out-of-wedlock births is insupportable. It will do little to solve the problem and will result in devastating consequences for millions of innocent children.

1. The rise in out-of-wedlock childbearing, often associated with welfare, is a phenomenon that in fact is occurring throughout all strata of our society and throughout other western industrialized nations. Contrary to popular belief, two-thirds of all American women who give birth outside of marriage are not poor⁵. If we are serious about reducing out-of-wedlock births, we should develop a broad-based strategy rather than singling out women in poverty for punishment and disapproval.
2. Similarly, the PRA's focus on teenage childbearing is out of sync with its actual role in welfare dependence. In fact, fewer than 1.2% of all AFDC mothers are under age 18. And contrary to the conventional wisdom that there is an epidemic of teenage pregnancy in the United States, teen births are actually dropping⁶.
3. Those conversant with the research on developmental psychology know that many of the strategies typically employed to modify adult behavior are ineffective with teens. Teens typically believe themselves to be invulnerable and often lack the cognitive ability to appreciate the reality of adverse consequences. The PRA ignores this information. It erroneously assumes that teenagers will decide not to have children once they know that financial support from the government will no longer be forthcoming.

The teenage mothers on welfare whom we, as social workers, have encountered are often extremely naive about their abilities, their opportunities, and their situations. Many think they will have no trouble juggling a child, a job, an education, and the assorted demands of daily living. It would not be at all surprising if, similarly, young people fail to appreciate the hardship that would result from denial of government assistance. Meanwhile, they will continue to have children, but their children will be condemned to poverty.

4. Under the PRA, children born to unmarried young mothers would be permanently barred from receiving benefits, unless the mother subsequently marries and her husband legally adopts them. The implementation of this provision would unnecessarily brand "illegitimate" children for life; its possible consequences border on the absurd.

For example, if a mother has a child at age 17, both she and the child would be ineligible for benefits. If at age 22 she then has another child, she and the second child would be eligible for benefits, but her first child would not.

In addition, this provision applies to all new AFDC applicants. An unmarried 22 year old mother and her six year old child who are receiving AFDC when the bill is implemented would continue to be eligible for benefits. However, if that same mother succeeds in

⁵ "Welfare and Out-of-Wedlock Births," Center on Budget and Policy Priorities, May 1994.

⁶ "Teen Pregnancy, Welfare and Poverty: Myths v. Facts," Wider Opportunities for Women, 1994.

leaving the rolls, works for ten years, loses her job, and needs to reapply for assistance, both she and her child would be deemed ineligible. What is the message here?

5. The PRA's provision to deny AFDC in the absence of successful paternity establishment would affect all unmarried mothers on welfare, regardless of age.

Social workers recognize that early identification of fathers can be important in the life of a child, for both financial and emotional reasons, and should be encouraged. The PRA, however, reaches too far.

Children whose paternity has not been established, including those already on the welfare rolls, would be ineligible for benefits even if the mother is cooperating with state officials in their efforts to identify and locate the father. Under federal regulations, state child support agencies are allowed 18 months to establish paternity after the father is located; some states take even longer. Under the PRA, a child would remain ineligible for assistance during this entire period. The well-being of mother and child would hinge on the efficiency of state bureaucracies whose success in establishing paternity varies widely (from 85% in West Virginia to a mere 3% in Oklahoma). If this provision of the PRA were in effect today, 29 percent of all children receiving AFDC--2.8 million children--would be denied public assistance⁷.

6. The PRA also includes a "family cap" or "child exclusion" provision under which children born to women on welfare would be denied additional benefits. While this approach is often presented as an additional disincentive for poor women to bear children out of wedlock, it is not.

First, every state is now required by law to provide AFDC to otherwise eligible two-parent families. Since two-parent families may well be among those who are sanctioned for having additional children, the family cap will hardly discourage illegitimacy.

Second, family cap proposals reflect the widely held--but erroneous--belief that welfare mothers have lots and lots of babies. In fact, nearly three-quarters (about 73%) of all welfare families contain only one or two children, no different from other American families⁸.

Third, many of our country's leading researchers⁹ concur that AFDC benefit levels (\$366 per month in the median state) and the increases associated with an additional child (an average of \$46 per month) have little effect on the likelihood that a woman will have another child.

Finally, the family cap provision could well have unintended and perverse consequences. Specifically, the PRA would deny benefits to children born to women currently receiving welfare or who received welfare at any time during the 10 months prior to the child's birth.

Consider the following: a woman has one child and is pregnant with her second. Her husband deserts her. She seeks public assistance during the latter part of her pregnancy. Under the PRA, her newborn would be ineligible for benefits even though the child was conceived while the mother was married and not on welfare. Although this is clearly an illogical response to concerns about out-of-wedlock births and welfare dependence, it will have serious repercussions, further reducing the resources available to needy families.

⁷ U.S. Department of Health and Human Services, Characteristics and Financial Circumstances of AFDC Recipients, 1992.

⁸ U.S. House of Representatives, Committee on Ways and Means, Overview of Entitlement Programs, 1994.

⁹ Statement by 76 leading researchers, organized by Sheldon Danziger, professor of social work and public policy at the University of Michigan, with technical assistance provided by the Center on Budget and Policy Priorities, Summer 1994.

If the PRA is enacted, children will be the casualties. All else aside, passage of the PRA would be devastating for America's children. As proposed, it would—quite literally—throw the baby out with the bath water. Estimates suggest that its implementation would result in the disqualification of over half (5 to 6 million) of those children currently eligible for AFDC benefits.¹⁰ These are innocent children who stand to be punished by their own government because of an accident of birth.

This is a far cry from what the public wants or expects from "welfare reform."

In addition to the various proposals that would explicitly deny benefits to selected groups of children, the PRA further disadvantages them by substantially reducing the programs designed to provide them and their families with a modicum of security.

1. The PRA would cap total spending for basic assistance programs including AFDC, SSI, child support enforcement, child care for the working poor, and low-income housing and repeal their entitlement status. The House Republican Conference estimates that spending for these programs would be reduced by \$18 billion over three years.

In fact, once these programs are no longer entitlements, there is no guarantee that those in need will receive any assistance. Funding levels would no longer respond automatically to increased need during economic downturns or to increases in the size of the low-income population. Each state could determine who, among the needy, would and would not receive benefits—and those denied benefits would have no legal recourse. Once a state exhausts its annual allotment, those who fall prey to catastrophe would just have to wait in line.

2. These programs will end up having to compete against each other for resources, since they would be subject to a single outlay cap. This would be extremely counterproductive, since all are designed to get poor families back on their feet again. Reductions in one program would only increase the need for the others.
3. Nutrition programs including food stamps, WIC, and the school breakfast and lunch programs would be consolidated into a block grant, their entitlement status repealed, and their combined funding levels substantially cut.

Over half the food stamp program's recipients are children, the vast majority of whom live below the poverty line. School breakfast and lunch programs and the supplemental feeding program for women, infants and children (WIC) were designed to respond to solid evidence that inadequate nutritional intake harms children.

Even with current levels of funding and with entitlement status, approximately 5 million children under age 12 go hungry at some point each month.¹¹ Additional cuts in these programs would only exacerbate this tragedy and might well increase the incidence of stunted growth, iron deficiency, low birthweight, and birth defects—conditions that have been linked to poor academic performance, deficits in problem-solving, and poor motor coordination.

4. Anticipating that the PRA would further impair the ability of many families to care for their children, it proposes to take the money "saved" by cutting off benefits to children of young, unmarried mothers and hand it over to states to use for orphanages, group homes, adoption promotion, or pregnancy prevention.

One of the enduring values of American society is the belief that people should be presumed innocent until proven guilty. Poverty is not a crime. While we have developed mechanisms for removing children from the care of parents who abuse or neglect them, we no longer confiscate children from poor homes under the presumption that poor

¹⁰ Center on Budget and Policy Priorities, Personal Responsibility Act: An Analysis, Summer 1994.

¹¹ Food Research and Action Center, Community Childhood Hunger Identification Project.

parents are bad parents. Government should not be in the business of impoverishing families and then breaking them up because they are poor.

What will happen to these children, once they are removed from home? The existing child welfare system is ill-equipped to meet the current demand of approximately 460,000 children needing out-of-home care,¹² let alone an influx of up to ten times that number (those who would be denied basic cash assistance under the PRA). Foster home placements are in short supply, and institutional care is expensive (an estimated \$30,000 to \$60,000 per child, per year).¹³

Furthermore, many years of research and clinical experience have led to the conviction that children develop best when they are given individual attention from a consistent caregiver. This is a standard that is hard to meet in an institutional setting, be it an orphanage or a group home. On the other hand, many families—even poor ones—often demonstrate amazing resilience with a little bit of help and support.

Punting to the states is not the answer. The PRA affords states the option of receiving their federal funds for AFDC, JOBS, emergency assistance, and AFDC child care in the form of a block grant. Other than "providing benefits to needy families with dependent children," no standards would have to be met and no state match would be required. The Republican governors have suggested that this be just one of several block grants, addressing a broad spectrum of social service needs.

NASW recognizes the importance of state flexibility in designing and implementing specific programs, but firmly believes that the federal government has a responsibility to maintain a viable social safety net for families who fall on hard times and those who, for whatever reason, are unable to compete in the current economy.

1. There is no question that the explosion of categorical programs has produced an array of confusing, conflicting, and often overlapping social services. There are indeed areas where carefully crafted program consolidation could be helpful in creating a more rational delivery system.
2. Consolidation, however, should not be viewed as an opportunity for the federal government to abandon its responsibility for oversight, nor to relax its demands for accountability. Rigorous performance standards and client protections must be built into any redesign of current programs.
3. Block grants make easy targets, when budget cutting comes around. (Witness the block grants created in the early 1980's). Already, the PRA proposes a funding cut: the new block grant would be permanently frozen at 103% of a state's 1994 federal AFDC payment. Additional cuts are sure to follow, particularly since the PRA also eliminates AFDC's entitlement status.

States may welcome the flexibility, but they will soon discover that the block grant is inadequate to meet their local needs. They will then be even more hard-pressed to provide for the vulnerable families in their communities.

There is a better way. NASW believes that the Personal Responsibility Act takes us in the wrong direction. Reforms should focus on changing the system—on expanding opportunity by removing existing bureaucratic and structural barriers that keep recipients from earning their way out of poverty. Reforms should not be designed to cut federal spending, scapegoat the poor, or punish children for the circumstances of their birth.

Specifically, NASW recommends the following:

¹² Child Welfare League of America.

¹³ Children's Defense Fund, Republican "Contract with America" Welfare Bill—Summary and Newsweek, "The Orphanage," December 12, 1994.

1. Provide immediate, short-term financial assistance to families that experience a break in earnings or a catastrophic life event, in order to eliminate their need to enter or re-enter the welfare system.
2. Improve service delivery by standardizing and simplifying eligibility rules across income support programs, planning for manageable workloads, increasing staff qualifications and professional development, and upgrading management information systems and technology.
3. Get serious about preparing welfare recipients for work by providing a range of educational, vocational, and job training opportunities. Educational opportunities should include basic literacy, English as a second language, high school, and postsecondary education. Job training should be sensitive to the changing job market and the local economy, and should include preparing women for non-traditional careers.
4. Make it feasible for recipients to engage in education and training by ensuring the availability of accessible, affordable, high-quality child care and elder care, including before- and after-school care and child care for sick children. Provide child care within the public school system to allow teenage parents to continue their education. Promote the availability of site-based child care at work, training, and educational establishments.
5. Ensure the availability of transportation to education and training locations, places of employment, and child care sites.
6. Help keep new workers in the workforce by continuing to provide support services including health care, child care, transportation, and job coaches or on-the-job mentors.
7. Make it possible for low-income families to begin to accumulate savings by allowing welfare recipients to keep more of their earnings without penalty. Increase the asset limitation and the AFDC automobile allowance.
8. Increase the minimum wage and continue to expand the earned income tax credit so that working parents will be able to support their families.
9. Eliminate the marriage penalty under AFDC by treating two-parent families the same way single-parent families are treated.
10. Increase voluntary opportunities for paternity to be established at birth.
11. Attack teen pregnancy by providing teens with better opportunities and options and access to family planning services.

The National Association of Social Workers appreciates this opportunity to share with you our views on the Personal Responsibility Act and our recommendations for welfare reform.

As you assess various options and evaluate possible courses of action, we urge you to resist quick-fix, sensationalist approaches and instead to deal honestly with the complexities of poverty and dependence. Most of all, we urge you to choose reforms that are responsible, constructive, and humane. Many lives and our country's future are at stake.

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WRITTEN STATEMENT
OF
THE NAVAJO NATION
SUBMITTED TO
THE HOUSE SUBCOMMITTEE ON HUMAN RESOURCES
OF THE COMMITTEE ON WAYS AND MEANS
ON
H.R. 4, THE PERSONAL RESPONSIBILITY ACT

FEBRUARY 7, 1995

The Navajo Nation appreciates this opportunity to provide comments on H.R. 4, "The Personal Responsibility Act" to the House Committee on Ways and Means Subcommittee on Human Resources. The Navajo Nation is pleased to take advantage of this important opportunity to address the unique and diverse needs of the Navajo Nation and other Indian tribes whose members participate in some form of federal welfare programs.

INTRODUCTION

The Navajo Nation generally supports the idea that welfare reform is necessary; however, we are concerned that H.R. 4, as currently drafted, (1) does not adequately address how the "block-granting" principle will apply to Indian tribal governments and (2) does not appropriately consider the special government-to-government relationship between Indian tribes and the Federal government (ie. treaty obligation and trust responsibility). H.R. 4 proposes to reduce the size of the nation's welfare system, reduce out-of-wedlock births, and expand state flexibility in addressing welfare programs, but the Navajo Nation is deeply concerned that these proposals threaten to alter the management and control of some tribal welfare programs that are already administered by Indian tribes. Additionally, the Navajo Nation fears that H.R. 4 has the potential to hinder the Navajo Nation's efforts to address the welfare needs of the Navajo Nation. While the issue at hand is a complex one, the Navajo Nation strongly believes that H.R. 4, and any future congressional welfare reform proposals, must explicitly address the needs and concerns of Indian tribes.

Our comments today will (1) highlight the Navajo Nation's unique socio-economic demographics, (2) outline the Navajo Nation's efforts to meet the needs of its people, (3) identify the various welfare programs that are currently administered on the Navajo Nation and describe their impact on Navajo welfare recipients, (4) state the Navajo Nation's view on the concept of Welfare Reform and (5) interpret the potential outcome of specific provisions included in H.R. 4 on the Navajo Nation and provide recommendations to improve these provisions.

PROFILE OF THE NAVAJO NATION

The Navajo Nation is the largest and most populous Indian tribe in the United States with an estimated 219,000 members. The Navajo Nation encompasses 17.5 million acres, spanning the states of Arizona, New Mexico and Utah - one third of all Indian lands in the lower 48 states. The Navajo Nation is larger than the states of Connecticut, Delaware, Maryland, Massachusetts, and Rhode Island combined. Given our geographical composition, the Navajo Nation often encounters complex jurisdiction issues in regard to implementation of state and tribal programs, such as natural resource management, environmental protection and economic development.

The Navajo Nation is a sovereign government with an expansive tripartite structure, composed of executive, legislative, and judicial branches. The functions of each branch of government are similar to that of the federal government: the legislative branch creates laws, the executive branch implements the laws, and the judicial branch interprets the laws. The Navajo Nation has a President and Vice-President (executive), who are elected by the Navajo people, as are the 88 members of the Navajo Nation Council (legislative), while the Chief Justice (judicial) is appointed by the President and confirmed by the Council.

Significant Demographic Information

Although the Navajo Nation is rich in natural resources and possesses tremendous economic potential, socio-economic conditions on the Navajo Nation are comparable to

those found in underdeveloped third world countries. According to the 1990 U.S. Census, approximately one-half of our people residing on or near the Navajo reservation are below the age of 21; and the Navajo population is growing at twice the national rate. Additionally, in 1992, a survey published by the Department of Health and Human Services' Indian Health Service (IHS) reported that approximately 15 percent of the Navajo population is under 6 years of age and indicated that the population growth is expected to continue with the Navajo Nation birth rate determined at 3.25 percent. This is twice as high compared to the 1987 U.S. birth rate of 1.57 percent.

Family Structure

A majority of Navajo families maintain extended family relationships often living in groups which include grandparents, uncles, aunts, cousins, nephews, nieces and other "clan-related" individuals. Navajo children are raised within this secure network of people whom care for them and contribute to their education and social well-being; including the teaching of the Navajo language, sacred Navajo traditional beliefs and observance of cultural values. However, this unique system of child development has begun to deteriorate due to the many external influences. Some Navajo families are drifting apart as some members must follow economic and "formal" education opportunities not available near their homes.

Educational System

The size of the Navajo reservation coupled with our population boom, demands the expansion and improvement of the educational system serving Navajo children. Educational statistics for Navajo students (such as measures of achievement, school completion, and college attendance) indicate performance levels far below those associated with America's worst urban and rural educational systems. The schools serving Navajo children - primarily Bureau of Indian Affairs' schools, and public schools under the jurisdiction of states of Arizona, New Mexico and Utah - offer inconsistent and often culturally-insensitive curricula, and simply do not provide Navajo students with the educational and social opportunities that they need and deserve. As a result, some Navajos who pursue higher education opportunities do not complete their institutions as they are either academically ill prepared, primarily due to limited English language proficiency or they experience difficulties in adjusting to a new disparate setting.

To worsen matters, the Navajo Nation government and its people do not possess the requisite authority to address the bulk of these problems arising from the unique three-state geographical/jurisdictional status of the Navajo Nation.

Employment Statistics

The Navajo Nation is characterized by unemployment levels ranging from 36 to 50 percent depending on the season; per capita income averages \$4,106; and over 56 percent of our people live below the poverty level. High unemployment on the Navajo reservation is the underlying reason that many Navajo families are disjointed as some members are forced to relocate to nearby urban areas to find jobs. Private-sector businesses are non-existent on the Navajo reservation. Family members who cannot find employment or provide adequate care and basic needs for their children experience stress, depression, and frustration. The consequences are illustrated by the increasing levels of child abuse and neglect, alcoholism, drug and substance abuse and depression.

Housing Deficiency

Currently, the scarcity of adequate housing on the Navajo Nation is at a magnitude that can be characterized as a "housing crisis." The Navajo Nation has determined that 13,539 newly constructed homes are needed immediately to alleviate severe overcrowding. Additionally, many existing houses are in disrepair. The Navajo Nation estimates that 23,527 existing housing units on the Navajo Nation are in substandard condition because they lack either running water, indoor plumbing, electricity and/or central heating. Essentially, approximately 62 percent of housing on the Navajo Nation requires significant improvement, in addition, to a continued extensive home building program.

Basic "necessities" of life, taken for granted elsewhere in America, are sorely lacking on the Navajo Nation: 77 percent of Navajo homes lack plumbing, 72 percent lack kitchen facilities, and 76 percent lack telephone service. 35.1 percent of Navajo families (12,907 households) presently haul water from windmills or springs to meet their basic domestic

water needs. Many of these domestic water systems were constructed prior to passage of the Clean Water Act, and therefore without adherence to, strict standards of water quality and well-head protection required by U.S. Environmental Protection Agency.

NAVAJO NATION EFFORTS TO IMPROVE THE LIVES OF THE NAVAJO PEOPLE

Many of the social and economic conditions referenced above are directly attributable to an enormous infrastructure deficit. The Navajo Nation is committed to resolving all issues hindering the development of Navajo communities and families. Limited opportunities, and underdevelopment in most essential areas such as health, education, social services, and economic development will undoubtedly continue unless the Navajo Nation responds with the necessary knowledge, skills, and tools to make those important decisions to strengthen the Navajo Nation. However, the Navajo Nation's response is in large part dictated by the federal programs.

The Navajo Division of Social Services actively provides services such as child protective services, child care, adult in-home care, specialized child care, and Indian Child Welfare Act program. The Navajo Division of Health provides many nutrition related services such as Food Distribution program and Women, Infant and Children (WIC) program. The Division of Human Resources provides employment training programs such as Job Opportunities and Basic Skills (JOBS) program. The Navajo Nation's Division of Community Development and the Navajo Housing Authority currently administer all of the programs responsible for upgrading and renovating existing homes as well as new housing construction. All these Navajo Divisions are contributing to the well being of the Navajo people with the limited financial resources that are available from tribal, state and federal governments.

The Navajo Nation has played a leadership role in related efforts to foster an environment conducive to growing the Navajo economy (and those of other Indian reservations). The Navajo Nation initially proposed, and thereafter devoted substantial resources to advocating successfully, the first-ever, reservation-based Indian Investment and Employment Tax Incentives (enacted as Sections 13321 and 13322 of the Omnibus Budget Reconciliation Act of 1993) to attract private sector investment and jobs to Indian country. Recently, we have played an active role before the Congress to extend to Indian country its fair share of the benefits that may be realized under President Clinton's Community Development Banking legislation, and before Congress and the Federal financial supervisory agencies seeking to reform the implementation and enforcement of the Community Reinvestment Act so that Indian reservations are no longer left behind, or left out altogether, from the rural banking lending/services that law was designed to encourage. Additionally, we drafted language incorporated into the recent Goals 2000 legislation to focus research on the special educational needs of American Indians, and we are working with Congress and the Administration to extend to Indian reservations many of the same types of economic development opportunities now designated for empowerment zones.

THE NAVAJO NATION'S VIEW OF WELFARE REFORM

As stated in the introduction, the Navajo Nation generally supports the idea that welfare reform is necessary. In this context, the Navajo Nation strongly believes that the following principles must be incorporated into any Welfare Reform proposal considered by Congress:

Trust Responsibility: Welfare Reform initiatives must be consistent with the federal government's trust responsibility to Indian tribes. The federal trust responsibility was recently reaffirmed by the President for all Federal agencies.

Equity: Welfare Reform initiatives must provide the Navajo Nation access to the same levels of benefits and funding as other Americans and state governments.

Tribal Control and Management: Welfare Reform initiatives must recognize that the Navajo Nation has the right to determine its own welfare programs to address its people's needs. The concepts of self-determination, self-governance, and a government-to-government relationship are crucial to the Navajo Nation. Further,

during the 103rd Congress, the Indian Self-Determination Contract Reform Act of 1994 (Public Law 101-413) was passed indicating congressional support for these concepts.

Self-Sufficiency: Welfare Reform initiatives must acknowledge the Navajo Nation's right to develop its welfare programs to meet its own definition of self sufficiency based on the respective communities available resources.

Unfortunately, thus far, most discussion on Welfare Reform does not address the 4 principles listed above, nor indicate how Congress plans to address the needs of Indian tribes. For this reason, the Navajo Nation strongly recommends that Congress offer special attention and consideration to Indian tribal governments.

Tribes as Self-Determining Governments

The Navajo Nation strongly believes that Indian tribes are the best authority in determining the management and goals of their welfare programs. Tribes are increasing their capabilities to develop and properly manage such programs. It is for these reasons, that the Navajo Nation strongly advocates that, for funding purposes, tribes be treated as states, in that all Federal agencies should be given full authority to enter into direct contracts and grants with Indian tribes (rather than passing these programs and funds through the States). However, Congress should continue to recognize the government-to-government relationship that exists between tribes and the federal government, and explicitly differentiate and define Indian tribes from states. The most obvious methodology to achieve this is through a general amendment to Public Law (P.L.) 93-638, as amended, the Indian Self-Determination and Education Assistance Act. This amendment would expand P.L. 93-638 to all Federal agencies not only the Department of Interior and the Department of Health and Human Services. In order to fulfill its trust responsibility, the Federal government must ensure that Indian tribes have the means to exercise their sovereign authority over their welfare programs. Indian tribes should, therefore, be authorized to participate fully in federally funded programs, while keeping an awareness of the unique tribal concerns and challenges.

Like states, some Indian tribes administer their own welfare programs. The Navajo Nation administers its own General Assistance Program through the Bureau of Indian Affairs (BIA) to assist Navajo families who do not qualify for any type of state or federally-funded financial assistance programs. The Navajo Nation also administers such programs as Women Infant and Children (WIC), Food Distribution program, and Job Opportunity and Basic Skills (JOBS) through direct federal funding.

The Navajo Nation recognizes that not all Indian tribes have the capabilities to administer welfare programs. However, the true goal of any welfare reform proposal should be to enhance tribal self-determination and support Indian tribes in their efforts to develop and implement their own welfare programs to meet the particular Indian tribe's individual needs. Indian tribes must have the flexibility to design a welfare program what would meet the complex and unique needs of Indian people.

Block grants to States - Indian Set-aside

As the Welfare Reform debate continues, the Navajo Nation believes that the State "block-granting" principle is garnering support and is thereby greatly concerned that the leverage of Indian tribes to determine how best to utilize the available amount of resources will be dramatically decreased if States are given authority to administer all federal welfare programs. The Navajo Nation fears some States may (1) receive an allocation less than the identified need, (2) not include all eligible welfare recipients in its programs, and (3) not provide and direct an equitable amount of the available dollars toward Indian tribes. One example illustrates the type of concerns the block granting approach raises: when Title XX block grants were created, the State of New Mexico subcontracted with the Navajo Nation on a number of services. However, the State's allocation of funding was clearly discriminatory - depriving Navajo individuals of needed services. While the situation was ultimately rectified, it was necessary to sue the State of New Mexico - a case which finally went to the United States Supreme Court, before it was concluded.

Therefore, for funding purposes only, the Navajo Nation strongly recommends that Congress adopt a 5 percent "set-aside" for Indian tribes from the total amount of dollars to

be appropriated to States, to service Indian welfare recipients. The Navajo Nation feels that by securing a "pot of money" for exclusive use by Indian tribal governments to address welfare needs, the Navajo Nation and other Indian tribes are in a better position to ensure the available dollars are meeting the true needs of the targeted population.

COMMENTS AND RECOMMENDATIONS ON H.R. 4

Title I, Sections 101, 105, 106, 107: Denial of AFDC and Housing Benefits to Children, Young Mothers and Families

In title I, sections 101, 105 and 106 proposes to deny Aid to Families with Dependent Children (AFDC) and/or housing benefits to children who fail to establish paternity and are born out-of-wedlock, despite cooperation of individuals. Section 107 authorizes States the option to deny AFDC and housing benefits to young mothers (18,19, or 20 years of age) who bare children out-of-wedlock.

The Navajo Nation strongly opposes the denial of welfare and housing benefits to Navajo children, young mothers and families. By denying AFDC and housing benefits, this section fails to recognize the social and cultural importance of children to the Navajo people. The Navajo Nation views Navajo children as its most valued resource. Children represent the continued existence and integrity of the Navajo Nation. In this context, these provisions are senseless and negates this important cultural element.

These sections discriminate against the socio-economic status of children, young mothers and families. Children should not be punished for the economic circumstances for which their parents currently experience. In some cases, welfare benefits are a Navajo family's only means of support. Should Navajo families fail to receive financial assistance, these families will separate. In effect, these sections will separate families risking the child's eligibility to receive benefits from any source.

In the Navajo extended family, Navajo children are accepted as part of the family and/or tribal clan and, more importantly, are not stigmatized by their parent's marital status. However, if a Navajo child is moved to an extended family member, the Navajo extended family will experience financial difficulties in supporting these Navajo children. If Navajo families, who support these children, fail to receive additional assistance, the Navajo family will be penalized for its traditional life style.

These section further penalize Navajo families from receiving housing benefits and add to the difficulties of obtaining housing. The Navajo Housing Authority (NHA) and Navajo Housing Services (NHS) manage and provide low-income housing to Navajo families to rent; however, Navajo families opportunities to rent a housing unit would minimize. Currently, NHA and NHS' waiting list for homes will be dramatically reduced because Navajo families are ineligible. Navajo families will separate and experience involuntary displacement. Overcrowding of homes will factor into the increasing homelessness, adding to the Navajo Nation's housing crisis.

Recommendation

The Navajo Nation recommends that each child and young mother receive AFDC and housing benefits. Many Navajo families will become homeless and Navajo families will have to involuntarily separate.

Title I, Section 108: Grants to States for Assistance to Children Born Out-of-Wedlock

Section 108 authorizes States' flexibility and resources in providing services and activities to discourage out-of-wedlock births and care for children born out-of-wedlock. It also authorizes States to utilize funding in many forms such as establishing orphanages and group homes.

The Navajo Nation opposes State control of this matter, unless the unique position of Indian tribes are considered. It would have a negative impact on Navajo children who reside in urban areas. Some States fail to recognize the ethnic identity of Navajo children and disregard the provisions of the Indian Child Welfare Act that provide Navajo children rights to be placed with a Navajo family or relatives. Consequently, Navajo children would either be adopted by non-Navajo families or be placed under the guardianship of the State in orphanages or group homes. These State programs infringe upon the rights of Navajo

children and Federal law. Many Navajo children would be emotionally scarred if this provision is adopted without specific safeguards to tribal interests.

Recommendation

The Navajo Nation recommends that all States be mandated to create an Indian Child Welfare Office that would effectively identify Indian children, and refer them to the appropriate tribal Indian Child Welfare program. In that respect, the Navajo child will be returned to its respective tribe, family and/or clan.

Title II, Section 202: Work Program

Section 202 requires recipients to participate in a work program, regardless of their physical or mental condition. Section 202 also provides States the authority to impose sanctions, determine "satisfactory" participation, and reduce welfare benefits of the individual.

The Navajo Nation opposes the work requirement of individuals and disagrees with the States authority to impose sanctions, to determine satisfactory participation and to reduce benefits of the individual. Navajo individuals required to participate in the work program will encounter many difficulties in participating due to the nature of the reservation economy; thereby, increasing the States opportunities to sanction or terminate that Navajo individual's benefits. States will find it difficult to operate a work program on the reservation because of the lack of infrastructure to house the work program. Many of the work programs then will be located off the reservation, in border towns, presenting transportation problems.

The Navajo individual must travel great distances for a work program. Many Navajo people do not own a vehicle or have extra spending money to purchase gas for the round trip. To get to the work program, the individual must obtain a vehicle or ride from a relative and coordinate the work schedule with the relative's daily activity. In many cases, the schedules will not coincide which leaves the individual without transportation. Lack of transportation combined with the involved hours of the work program would not equal the benefits received. It will discourage many individuals from participating. The States would reduce and eventually terminate the Navajo individual's benefits because the individual failed to "satisfactorily" participate in the work program, due to factors beyond their control.

Recommendation

The Navajo Nation recommends that Indian people who reside on Indian reservations be exempt from the work program because many Indian people will lose their benefits.

Title II, Section 202: the Time Limit Provisions

In Section 202, Subsection (B)(ii), paragraph (F) limits AFDC benefits to a family for a total of 60 months (five years); thereafter, the family is permanently removed from the welfare rolls. Paragraph (E) provides States the option to terminate all benefits to individuals who have received AFDC for as few as 24 months (2 years). Paragraph (D) limits education and training services to a maximum of 24 months. Time limit provisions do not exempt minors, the elderly, mentally or physically disabled, and persons responsible for an incapacitated family member.

The Navajo Nation opposes the time limits provision outlined in this section as it would disproportionately impact the Navajo people. Time limits penalize Navajo individuals who are actively seeking employment in an unusually depressed economy. The short time period imposes difficult hardship on an individual to search for a job in an area with a particularly high unemployment rate. In effect, the individual and family will exhaust its' welfare benefits with little or no alternative, increasing Navajo people's chances of becoming destitute. Essentially, time limits penalizes the Navajo people for residing on their homeland, the Navajo reservation.

Time limits threaten the Navajo Nation's efforts to stimulate its' economy. The drafters of the bill assume that the Navajo reservation provides adequate employment opportunities and regular public transportation. As noted above, the Navajo reservation has scarce economic development to provide jobs due to the lack of infrastructure (paved roads, private sector business, banks, etc.). Essentially, time limits imposed without

providing work opportunities would worsen the position of many vulnerable Navajo families.

Time limits hinder education and training opportunities. The Navajo people already experience limited formal education and language barriers that prevent many Navajo people from obtaining employment and seeking educational opportunities off the reservation. It also imposes requirements on existing education and training programs to abide by a time limit like JOBS. The Navajo JOBS program provides education and training to AFDC individuals who are functionally illiterate and effectively assists them by providing limited child care services. The JOBS program is one of the limited programs Navajo AFDC recipients have to participate in education and training programs. Since these time limits will reduce the window of opportunity to participants in training programs, time limits combined with the proposed federal spending cap would create an increasing unskilled Navajo work force.

Furthermore, the time limits would apply to Navajo individuals who are a minor, elderly, mentally or physically disabled person or a person who cares for the incapacitated. It punishes people for their unusual circumstance and ends their only source of support. Many of these people will become indigent.

Recommendation

The Navajo Nation strongly recommends that Navajo Nation, and other Indian tribes, be exempt from the time limit provision as it will devastate the Navajo Nation. State control of time limit provisions must include appropriate safeguards for Indian tribes. Despite savings States would receive of revamping the AFDC program, in the long-term, time limits would severely impact collection of third party reimbursements of Medicare and Medicaid funding by IHS and Indian tribes. Third party reimbursements provided funding to hire additional medical and health staff. Navajo Area IHS would lose approximately one quarter of its existing staff which is 800 Full-time equivalents (FTE). This FTE reduction in addition to the high unemployment rate with limited job training opportunities would further increase the unemployment rate and leave many Navajo families destitute.

Title III, Sections 301: Cap on Growth of Federal Spending on Certain Welfare Programs, and 302: Conversion of Funding Under Certain Welfare Programs

Title III, Section 301 proposes to place a Federal spending cap on several low-income programs such as AFDC, SSI, low-income housing programs, child support enforcement programs, at-risk child care subsidies and the proposed work program. Section 302 would terminate the entitlement status of these low-income programs whose funding level would thereafter be determined during the annual Federal appropriations process.

The Navajo Nation strongly opposes placing a Federal spending cap on low-income programs and terminating the entitlement status on spending for low-income programs. Spending caps will severely reduce many low-income programs in which Navajo people currently participate and would increase the risk of Navajo welfare recipients losing their welfare benefits, thereby increasing their economic vulnerability. More than any other change, this has the potential to negatively impact the Federal trust responsibility. While it is unclear what the impact will be on such programs as the tribal GA, Adult Institutional Care, and Child Welfare Assistance, it seems that these program will be dramatically affected either through the loss of their entitlement status or through proposed rescission as Congress addresses the Federal budget.

Recommendation

The Navajo Nation recommends that if spending caps are to be placed, the level must be designated so that it will not severely impact these low-income programs. These programs serve mostly our children, young mothers, elderly, and disabled.

Title III, Section 301(b)(2)(I): Cap on Growth of Federal Spending on Indian Housing Improvement Grants

Title III, Section 301(b)(2)(I) identifies the Indian Housing Improvement (HIP) grant as one housing program slated to receive a Federal spending cap whose funding level would be determined during the annual Federal appropriations process.

The Navajo Nation opposes a spending cap imposed upon the HIP program, as the HIP program funding would again be severely reduced. In Fiscal Year (FY) 1992, the HIP program budget experienced a sharp decrease by more than 30 percent, reducing new housing improvement from about 100 to 60 housing units per year. The FY '92 funding reduction created significant backlog in major housing renovation of over 10,000 houses. As previously referenced, further funding reduction will worsen the housing crisis Navajo Nation already experiences.

Recommendation

The Navajo Nation recommends that the HIP program be excluded from the proposed spending caps as it will increase the Navajo Nation's housing crisis.

Title V, Section 501, Subsection (a), Paragraph (B), Subsection (b), and Subsection (c): Food Assistance Block Grant Program

Section 501(a) establishes the block grant program, which includes "tribal organizations," and merges federal food assistance programs. Subsection (b) provides a distribution formula for allocation of food assistance grants among the States. Paragraph (B) provides that .24 percent shall be reserved for grants to "tribal organizations" that have governmental jurisdiction over geographically defined areas and shall be allocated equitably by the Secretary of Agriculture among such organizations. Subsection (c) requires that States, and presumably "tribal organizations," adopt certain minimum allocation formulas for certain categories of expenditures and minimum work requirements.

The Navajo Nation opposes the block grant approach and merging Federal food assistant programs that would include Food Stamps, WIC, "Meals-On-Wheels" and school lunch programs. The set-aside amount for "tribal organizations" of .24 percent fails to adequately provide funding for food and nutrition programs the Navajo Nation currently administers and the additional food programs proposed. Due to the unique reservation economy, the Navajo Nation opposes the minimum allocation formula that would require certain percentage of expenditures and minimum work requirements because it would increase existing hardships experienced by Navajo people.

The block grant measure would severely reduce funding levels of current programs and merging food assistance programs obstructs the Navajo Nation's current management of food and nutrition programs. The proposed funding level will be too inadequate to accommodate more food programs especially with minimum allocation requirements. Moreover, reduced funding threatens unemployment of current program employees, where unemployment is already high. Consequently, a decrease in the funding level infringes upon the Navajo Nation's efforts to meet basic needs of its people.

Recommendation

The Navajo Nation recommends that Indian tribes continue to receive direct federal funding for food and nutrition programs at a 5% set-aside of appropriations of Food Assistance Programs. The Navajo Nation also recommends that the Indian tribes and the Secretary of Agriculture work together and define the allocation formulas for expenditures and work requirements as they pertain to Indian country.

Title V, Section 505: Repealers; Amendments

Section 505 repeals the Food Stamp program which will be merged into a Federal Food Assistant block grant to States.

The Navajo Nation opposes the repeal of the Food Stamp program and the termination of its entitlement status. States would be authorized to redefine the eligibility criteria and accept only those who qualify for food stamps potentially, excluding many recipients. The States would also designate sites where vouchers could be exchanged and possibly rule out convenience stores. For many Navajo families, convenience stores are often the only accessible stores because most grocery stores are located off reservation, usually in border towns. Additionally, the bill fails to specify how States would implement cuts; thereby, greatly decreasing the likely success of Navajo Nation's current efforts to establish a Navajo Nation Food Stamp Office. Tribal input is critical given the unique economic conditions faced by the Navajo Nation. There must be some quantity of tribal involvement, both to determine tribal needs and to fulfill the Federal responsibility.

Some eligible Navajo people already fail to receive food stamps. The Food Stamp program which is administered by the States provides benefits to approximately 67,955 Navajo recipients. Yet, that figure compared to 120,000 (56 percent) Navajo individuals who live below the poverty level indicates that 52,045 eligible individuals fail to receive benefits. Under Federal control of Food Stamps, the Navajo do not possess minimal food purchasing power, State control of Food Stamps dissolve the opportunity of minimal food purchasing power. The Navajo Nation Food Stamp Office will assist many eligible Navajo families by providing a source to obtain food purchasing power, safeguarding their health, and raising their nutrition level.

Recommendation

The Navajo Nation recommends that the bill include a provision that would allow the Navajo Nation to administer its own food stamp program on a demonstration basis. The Navajo Nation and the Secretary of Agriculture would then negotiate the budget, quality control structures, technical assistance and the like as it pertains to an Indian tribe. This provision would allow the Navajo Nation and the Federal government an opportunity to meet the needs of the Navajo people.

This program could provide a uniform system (electronic debit card) and simplify requirements on eligibility criteria of Navajo people who reside in three States. It could enable the Navajo Nation to coordinate its nutrition and food supplement services with the Food Stamp program. Additionally, it could provide employment opportunities for Navajo people. Such a program would determine its eligibility criteria, applicable to the unique family structure of the Navajo, and promote self-sufficiency, well-being and employment. The Navajo Nation has the basic infrastructure to administer Food Stamps to the Navajo people and has demonstrated effective management of food and nutrition programs such as WIC for over ten years.

Title VI, Section 601: Option to Convert AFDC into a Block Grant Program

Section 106 provides States with the option to receive AFDC funding through block grant measures "to carry out any program established by the State to provide benefits to needy families with dependent children." The condition is that the block grant will be frozen at 103 percent for fiscal year 1994 funding levels with no adjustment for inflation.

Navajo Nation opposes the States' option to receive AFDC block grants which would authorize States the flexibility to redesign their AFDC program and possibly alter eligibility criteria unless there is a requirement for appropriate tribal input and participation in developing these criteria. Currently, some eligible Navajo people, who reside on the reservation, do not receive welfare benefits that many States administer. Some States overlook serving tribal areas or providing services to tribal governments, taking the position that serving the Navajo Nation and other Indian tribes is a "federal issue." State officials are "discouraged" by the language barriers involved with assisting Navajo people for welfare benefits and the remoteness of the Navajo reservation in follow-up services. In effect, this type of response only increases the poverty level for many Navajo families and forces the Navajo Nation and Indian tribes to provide assistance with their limited resources. It also demonstrates the difficulties which would be exacerbated by increased State control. Navajo Nation is in the best position to assist its own people.

Recommendation

Should Congress pursue block grant measures, the Navajo Nation strongly recommends that the Navajo Nation, along with other Indian tribes, must be recognized as "states" for the purpose of receiving direct funding; thereby, authorizing the Navajo Nation to receive AFDC funding to administer its own AFDC program. Additionally, Congress could expand the scope of application of P.L. 93-638, as amended, to encompass all Federal agencies. Either option would allow the Navajo Nation, and other Indian tribes, the flexibility to design its welfare program and coordinate the AFDC program with existing programs. Alternatively, the Navajo Nation recommends that states be mandated to specifically include the needs of Indian tribes and urban Indians as they are also citizens of that respective state.

Title VII: Drug Testing For Welfare Recipients

Title VII, section 701 provides States the authority to determine whom shall participate in drug or substance abuse treatment as a condition to receive welfare benefits.

The States would have the authority to determine what is an appropriate treatment program and satisfactory participation of the individual.

This section provides enormous authority to States to determine who is an addict and what is considered an appropriate treatment program and "satisfactory" participation. While the Navajo Nation supports treatment for substance abusers, we do not support giving States the broad latitude to make many of these determinations with respect to tribal populations without tribal involvement. Substance abuse is a disease. Navajo Nation is concerned that recognition of alternative, cultural, and traditional methods of substance abuse treatment will be overlooked. Lack of recognition would increase prospects of Navajo people losing benefits because Navajo recipients choose a traditional method of treatment.

The Navajo Nation's Department of Behavioral Health Services provides out-patient counseling for substance abuse through a holistic approach. This holistic approach attempts to heal the person's mind, body, and spirit by using a traditional Navajo medicine person and counselor. Often, the Navajo client's family is involved. Many Navajo clients prefer the holistic approach because it utilizes the Navajo language and culture to bring the abuser into harmony with himself, other people and the world. The Navajo Nation believes that this holistic approach is the most effective method for substance abuse; however, a shortage of qualified counsellors and resources prevents additional outreach of the more isolated communities. Without recognition of these factors, State-controlled programs would dismiss an appropriate, effective treatment modality.

Recommendation

The Navajo Nation recommends that IHS and Indian tribes provide input on treatment of substance abuse because IHS and Indian tribes have the knowledge and experience of Indian reservation life and the existing treatments of substance abuse. Additionally, States be mandated to recognize alternative, cultural and traditional methods of substance abuse treatment. Moreover, Indian tribes and IHS must continue to receive adequate funding for personnel and other resources.

CONCLUSION

For all the reasons we have discussed above, we urge Congress to clarify congressional intent of Indian tribes and tribal organizations as it pertains to Welfare Reform. H.R. 4's application to the Navajo Nation would be devastating to families and children and will have not accomplish deterrence from welfare rolls. Rather it would further increase poverty. The impact will disproportionately affect and disparately impact Navajo people. We urge Congressional members to seriously consider our comments and recommendations and effectively respond to the needs of the Navajo people.

The bill must acknowledge Indian tribes as distinct sovereign governments with the authority to participate and administer several federally funded programs. The Navajo Nation has demonstrated its efforts to move forward and stimulate its economy and create jobs. The Navajo Nation also wants to continue administering and controlling its federally funded programs, including welfare programs. The Navajo Nation knows the needs of our people and understand many of the problems experienced by Navajo Nation's residents. However, the Navajo Nation needs the financial support to effectively respond to the needs and concerns of its people. Options such as expansion of P.L. 93-638, as amended, and a set-aside funding further the policy of self-determination and the government-to-government relationship. The Federal trust responsibility and treaty obligations can be preserved while increasing local control and efficiency - however, to achieve these will require amendments to the bill that would reflect the unique position of tribes.

The Navajo Nation appreciates the opportunity to provide the our comments and recommendations on H.R. 4. We urge the Subcommittee members and other Congressional members to extend their commitment to supporting Navajo Nation in our efforts to become self sufficient.

THE NEW MEXICO CITIZEN REVIEW BOARD PROJECT
STATE ADVISORY COMMITTEE
REPORT TO THE HOUSE WAYS AND MEANS COMMITTEE

STATEMENT TO THE HOUSE WAYS AND MEANS COMMITTEE
FEBRUARY 4, 1995

THIS STATEMENT IS SUBMITTED BY THE CITIZEN MEMBERS OF THE STATE ADVISORY COMMITTEE OF THE NEW MEXICO CITIZEN REVIEW BOARD PROJECT. THE STATE ADVISORY COMMITTEE IS MADE UP OF REPRESENTATIVES FROM VOLUNTEER BOARDS WHICH REVIEW CASE WORK FOR ALL CHILDREN IN OUT-OF-HOME PLACEMENT IN THE STATE OF NEW MEXICO.

This statement testifies to the effectiveness of citizen review:

in promoting swift permanent placement and quality service to the children
citing specific case examples of the New Mexico Citizen Review Boards
where review has been effective
and
as a cost effective mechanism to hold public systems accountable for the
expenditure of tax dollars

This statement also:

promotes the need for specific standards, oversight and accountability for the
expenditure of tax dollars
and
*urges the Congress to continue to protect children by requiring case by case
reviews with an independent organization using trained volunteers which reports
its findings to the Judges, the State and the Legislature, with strong penalties
and/or incentives to compel compliance*

The New Mexico Citizen Review Board Project is part of the system of checks and balances established to review the cases of children in out-of-home placement and to assess efforts and progress made toward permanency planning. Today, there are 200 volunteers who serve on 27 review boards across the state. Each review board meets once a month to reassess the case plans of children who are in the custody of the state. Every child in state custody for longer than six months is subject to citizen review. Cases are reevaluated every six months for as long as the child remains in custody. Findings and recommendations are summarized and provided to the appropriate judges to assist them in making decisions regarding the welfare of each child.

In fiscal year 1993-1994 the CRB Project reviewed 1682 case plans concerning 3242 children. Volunteers spent approximately 14,417 hours on these activities. The volunteer boards are supported by a small central office with three full time paid staff and six part time paid staff. There should be no doubt that utilizing volunteers to encourage permanency in the lives of children clearly results in significant short and long term savings to the State. Foster care and other more specialized placements needed as children remain longer and longer in the state's custody are always more expensive than adoption or returning the child home with services.

Time is also a crucial factor. When children remain in foster care several years, and especially if they experience numerous placements, they suffer from that lack of attachment and permanence. This can result in behavior problems, difficulty in school, problems with relationships, and more increasingly restrictive placements. It is

acknowledged that the state does not make a good parent. There is also a direct correlation between the amount of time a child spends in out-of-home care and the likelihood that the child will spend its adult life in similar settings, prison, mental institutions and homeless shelters.

The CRB provides a vital link between agencies and organizations. All those with information about what may be in the best interest of the child are invited to a review. This may include the children themselves; biological parents; foster parents; the parent's attorneys; the child's legal representative; therapists; social workers, supervisors; and teachers. It also provides a unique opportunity for the community to become involved in an important social issue. It is important that communities understand the issues involved with dysfunctional family situations.

The combined knowledge, experience, training and perspective of Citizen Review Board volunteers are assets to the Protective Services Department and the Judiciary. This partnership establishes a basis for focused advocacy within the community. As well as seeking permanency for the children, the reviews serve to assist in informing parents and others involved of their rights and responsibilities regarding a dependent child in foster care. Through recommendations to the Governor, the Legislature, the Courts and other related executive agencies, the process works to improve the quality of services provided to the children in the State's custody. The Review Board Project's independence allows these recommendations to be made to any part of the system without conflict of interest.

Other benefits of to the state of the Citizen Review Board Project include:

- Welfare Training and opportunities for conversation and collaboration with the judiciary, child protective agencies and other advocates
- Review Boards that are reflective of the communities they serve. This gives them insight into the issues that may differ from those of a social worker not familiar with the culture and circumstances in the particular community.
- Information collected by the boards allow the Citizen Review Board Project to track data that even the state does not track, ie. the child's age; sex; race; number of placements; permanency plan; reason for entry into custody; number of social workers and barriers to permanency.

Examples of success due to citizen review include:

- "Ann", who was removed from her mother's care for abuse and neglect, was placed in a foster home where a relative, living in the home was arrested for dealing "crack" from the home. The child was returned to the parental home at the recommendation of the CRB because allegations of abuse and neglect were not substantiated after the child had been in the foster home for an extended period.
- In one instance the review board disagreed so strongly with the plan of the Department that they attended case hearings and were asked to testify by the Judge. The Department felt strongly as well and requested an in-house psychologist to review the case. Their own psychologist agreed with the recommendation of the citizen review board. The plan was subsequently changed.
- Frequently Judges will postpone hearings until a citizen review is held in order to have the review before them.

THE STATE ADVISORY COMMITTEE THEREFORE URGES THE CONGRESS TO CONTINUE TO PROTECT CHILDREN BY REQUIRING CASE BY CASE REVIEWS WITH AN INDEPENDENT ORGANIZATION USING TRAINED VOLUNTEERS WHICH REPORTS ITS FINDINGS TO THE JUDGES, THE STATE AND THE LEGISLATURE, WITH STRONG PENALTIES AND/OR INCENTIVES TO COMPEL COMPLIANCE.

[THE EXHIBIT REFERRED TO WILL BE RETAINED IN THE COMMITTEE FILES.]

Submitted by the State Advisory Committee of the Citizen Review Board Project of the State of New Mexico and the New Mexico Citizen Review Board Project, P. O. Box 37290, Albuquerque, NM 87176-7290, (505)883-1450

Anita Van Dame, Executive Director

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STATEMENT PREPARED FOR THE
SUBCOMMITTEE ON HUMAN RESOURCES
HOUSE COMMITTEE ON WAYS AND MEANS
February 2, 1995

By
LEO W. NG
2428 Judah Street
San Francisco, CA 94122

To The Committee Hearing Testimony on Title IV of HR 4:

On behalf of myself as well as my parents who are legal permanent residents of the United States for about 10 years, I urge you to vote "NO" on the proposed legislation which would discriminate against and punish all the legal residents who have paid taxes and contributed to this society over the many years.

I came to the U.S. from Hong Kong as a LEGAL IMMIGRANT when I was 11 years old. Even though I was not old enough to work, I knew that my parents were working very hard to raise a family with two children. They were also being loyal member of this society by paying taxes and obeying all the laws.

Now at the age of 21, I am a full-time student in college and working part-time in a non-profit organization as a youth worker. I am also paying my own taxes now. I often wonder what will happen when I become 65. Will I be able to receive Medicare or retirement benefits? Hearing about the Contract of American's Personal Responsibility Act Proposal, I even worry even more about not just my own future but also the future of my children.

You see, cutting over 60 programs and services will limit the future of our next generation. That would mean my children would not get any loans for higher education and may end up not having a future at all.

Because I am a youth worker, I know better than anyone else that our youth today are the key to our future. We need to do everything we can to mature and educate them. Otherwise there will not be a future for any of us.

Once again, I urge you to **VOTE NO**.

**TESTIMONY OF SGT. MAJ. MICHAEL F. OUELLETTE, USA, (RET)
NON COMMISSIONED OFFICERS ASSOCIATION OF THE
UNITED STATES OF AMERICA**

Mr. Chairman. The Non Commissioned Officers Association of the USA (NCOA) is most appreciative for the opportunity to present testimony to the subcommittee concerning Supplemental Security Income eligibility reform. NCOA is a federally-chartered organization with a membership in excess of 160,000 noncommissioned and petty officers serving in every component of the five Armed Forces of the United States; active, national guard, reserve, retired and veterans. NCOA is fully aware of the eligibility questions that currently surround the SSI Program and understands the purpose of the subcommittee hearing on the subject. However, NCOA wants only to correct two inequities in SSI eligibility that have a devastating impact on the families of military members serving overseas as directed by the Armed Forces of the United States. Hopefully, the subcommittee will be able to alleviate these inequities as efforts are made to reform current eligibility criteria.

BACKGROUND

Disabled children of low income military families stationed overseas became eligible for Supplemental Security Income (SSI) benefits as part of the Omnibus Budget Reconciliation Act of 1990. Prior to then, these families and their qualifying children lost their eligibility simply because they were overseas on the orders of the U. S. Government.

Former Representative Jim Slattery (KS) responded to the plight of a young soldier on orders to Germany who was to be accompanied by a disabled daughter who qualified for SSI benefits prior to receiving orders. Rep. Slattery's legislation permitted the military member with a qualifying disabled dependent to continue to receive SSI benefits while stationed overseas and was adopted as part of OBRA 1990.

Unfortunately, the language of Mr. Slattery's OBRA 1990 amendment restricts SSI payments to those children whose disabilities are diagnosed before the family travels overseas. The wording of the law excludes payments to American children who are born disabled overseas or whose qualifying disability is not diagnosed until the child arrives overseas.

According to the Department of Defense and the Social Security Administration, fewer than 60 military families are affected by this defect in law. Yet the benefits are extremely important to those families.

NCOA urges the subcommittee to remove the offensive provision from Section 1382(f) of Title 42 thus allowing all eligible military families to receive SSI payments while stationed overseas.

The second and very similar problem concerns adult military family members who are eligible for SSI benefits within the United States but not when living with their military sponsor in an overseas area. It is obvious that the number of servicemembers with a disabled adult family member; have a family income low enough to qualify for SSI benefits, and who would be stationed outside the United States accompanied by the disabled adult family member would be minuscule. However, the importance of SSI benefits to the economic well being of the family is no less for these military members than those with disabled children. Again a simple change to Title 42 would alleviate this problem.

CONCLUSION

NCOA continues to be astonished that our government would penalize military families simply because they were following orders! As the military services are being significantly reduced in numbers, the abilities and skills of each military member becomes even more important. This Country cannot afford to lose for a day or a week or a month a military member who is critical to the mission of his/her unit. We also do not believe the citizens of this Country expect military families to be excluded from the assistance offered by SSI eligibility simply because the services of the military member are needed at a duty station outside the United States. Consequently, positive action on the part of the subcommittee would eliminate obvious eligibility inequities at minimal cost to the overall SSI Program. The Association urges the subcommittee to act positively on the changes in eligibility we have recommended.

Thank You.

TESTIMONY OF NOW LEGAL DEFENSE AND EDUCATION FUND

The Personal Responsibility Act ("PRA") focuses on "illegitimacy" as a purported cause of poverty. Among other things, the Act proposes to address "illegitimacy" by denying Aid to Families With Dependent Children ("AFDC") to children born to teen mothers out-of-wedlock. Only if the mother married the biological father or an adoptive step-parent would the child be eligible to receive AFDC. This bar would apply not only to children born to mothers receiving AFDC at the time of the birth, but to all children born out-of-wedlock who might at some later time need the subsistence support that AFDC provides. As discussed below, this proposal and others like it that condition receipt of welfare benefits on birth status are (1) unconstitutional; (2) unsupported by relevant social science data; and (3) likely to harm children.

Unconstitutionality

In Levy v. Louisiana, 391 U.S. 68 (1968), the U.S. Supreme Court first struck down a statute discriminating against "illegitimate" children. In Levy, the Court asked "[w]hy should the illegitimate child . . . be denied . . . rights which other citizens enjoy?" and held that such denial was unconstitutional. The Court has reaffirmed this view in subsequent cases, particularly when the purpose of the discrimination is to affect the behavior of the child's parents. For example, in Clark v. Jeter, the Court invalidated a classification burdening illegitimate children for the sake of punishing the illicit relations of their parents, because "'visiting this condemnation on the head of an infant is illogical and unjust.'" 486 U.S. 456, 461 (1988) (O'Connor, J.) (quoting Weber v. Aetna Casualty and Surety Co., 406 U.S. 165, 175 (1972)). Indeed, the Court has often held that

imposing disabilities on the illegitimate child is contrary to our basic concept of our system that legal burdens should bear some relationship to individual responsibility or wrongdoing. Obviously, no child is responsible for his birth and penalizing the illegitimate child is an ineffectual -- as well as unjust -- way of deterring the parent.

Weber, 406 U.S. at 175 (Powell, J.); see also Trimble v. Gordon, 430 U.S. 762, 769-70 (1977) ("we have expressly considered and rejected the argument that a State may attempt to influence the actions of men and women by imposing sanctions on the child born of their illegitimate relationships . . . [C]hildren can affect neither their parents' conduct or their own status").

The "illegitimacy" provision of the PRA violates this established Supreme Court case law by denying benefits to children based on a birth status which they cannot control, in order to deter behavior by their parents.

Ineffectiveness

The Child Exclusion provisions of the PRA² rest on the assumption that benefit levels are determinative of poor individuals' childbearing decisions, i.e., that denying benefits will alter these decisions. However, numerous studies have demonstrated that childbearing decisions are much more complex, and are not significantly influenced by AFDC benefit levels. In light of this data, the PRA's denial of benefits to poor children born out-of-wedlock is unlikely to be effective in achieving the drafters' goal of deterring teen pregnancy. Instead, as set out more fully infra, it will simply harm innocent children.

The scholarly studies concerning the effect of benefit levels on welfare recipients' birthrates and childbearing decisions are numerous

² The PRA also denies AFDC benefits to children born to parents receiving welfare and children for whom paternity is not established from receiving AFDC benefits.

and remarkably consistent in their conclusions. Most recently, Greg Acs of the Urban Institute has published data indicating that receipt of AFDC has a "quite modest" impact on first births and out-of-wedlock births, while other factors such as education and demographic characteristics are much more likely to significantly affect women's childbearing decisions. Gregory Acs, The Impact of AFDC on Young Women's Childbearing Decisions, 14, 21 (The Urban Institute, Washington, D.C., 1993). Further, Acs notes that the impact of supplemental AFDC for additional children on the decision to bear children is "statistically insignificant." Id. See also William J. Wilson & Kathryn M. Neckerman, "Poverty and Family Structure," in Sheldon H. Danziger & Daniel H. Weinberg, eds., Fighting Poverty: What Works and What Doesn't 249 (1986) (comprehensive studies reveal no relationship between receipt of welfare and pregnancy; in fact, several studies indicate that welfare recipients are less likely to get pregnant than non-recipients).

In short, "welfare simply does not appear to be the underlying cause in the dramatic changes in family structure of the past few decades." David Ellwood & Mary Jo Bane, The Impact of AFDC on Family Structure and Living Arrangements (Working Paper No. 92A082, 1984). See also Congressional Budget Office, Sources of Support for Adolescent Mothers 43 (1990) ([s]tudies of the effects of AFDC on the fertility of female teenagers find no evidence that benefit levels encourage childbearing"). This marked absence of a significant relationship between additional benefits and births likely holds true for those not receiving AFDC as well. Significantly, rates of out-of-wedlock births have been rising in all sectors of the population and internationally at comparable rates; AFDC is not certainly not driving this trend among upper class parents or parents in other countries. Nevertheless, under the PRA, women and children not receiving AFDC at the time of the out-of-wedlock birth will also be subject to a life-long child exclusion. Harm

While the PRA's child exclusion provisions are more extreme than any currently in effect, the experience of AFDC recipients subject to New Jersey's exclusion of children born to mothers receiving welfare is instructive.³ The exclusion of children based on "illegitimacy" will likely have the same impact on poor families.

In New Jersey, the significant AFDC reductions that occur when an excluded child is born have had a demonstrable impact on the life of the newborn baby, her siblings, and the child's parents. Families in New Jersey have experienced particular difficulty in obtaining adequate housing because their AFDC grant has been reduced to a level that is far below rents typically charged for suitable housing in their communities. Because New Jersey AFDC recipients must use all or nearly all of their AFDC for rent, the child exclusion has led to evictions, loss of housing, and homelessness.

The benefit reduction from the child exclusion has also affected AFDC recipients' ability to obtain other essentials of daily living for their babies and other children, such as medicine not covered by Medicaid, utilities, clothes, diapers, toiletries, furniture, and transportation. The inability to obtain these basic necessities has had a direct effect on excluded children's health. For example, one of the plaintiffs in C.K. v. Shalala could not afford over-the-counter medicines to treat flu, earache, fever and diarrhea suffered by his baby. Further, affected AFDC recipients often have insufficient food for their children, because food stamps do not meet a full month's costs.

These extreme hardships are all caused or exacerbated by denial of subsistence-level AFDC benefits to excluded children. The same

³ NOW LDEF, with the Legal Services of New Jersey and the ACLU of New Jersey, represents a class of plaintiffs challenging New Jersey's child exclusion provision in the case of C.K. v. Shalala, No. 93-5354 (NHP).

hardships and harm to children can be expected to arise if the "illegitimacy" child exclusion of the PRA is adopted.

Alternatives

Rather than focus on measures that punish children for their birth status, sound public policy should focus on alternatives that will provide long-term options for poor teens. As Marian Wright Edelman of the Children's Defense Fund has said, "the best contraceptive is a real future."

Our education system fails to fully meet the needs of women and girls, especially those from low-income families. Research shows that most teen parents were performing poorly in school prior to their pregnancy. Poor grades, dropping out, and low self esteem have all been linked to sex-biased stereotypes as well as teen pregnancy. Policymakers should focus on positive programs to encourage girls to achieve by providing viable training and job opportunities, the possibility of a college education, and resources to enhance child and youth development. Access to family planning counselling should also be a component of a comprehensive program to address teen pregnancy. If girls view their life options as limited, early motherhood appears to be more attractive. The exclusions proposed in the PRA will only serve to limit the options for both teen mothers and their children.

CHILD EXCLUSION TASK FORCE

December, 1994

Dear Member of Congress,

As national, state and local organizations with a diversity of views on many issues, we are united in our efforts to **promote the health and welfare of America's children**. We came together this past year in opposition to welfare reform proposals that would allow states to deny benefits to innocent babies simply because they were born into families receiving AFDC. As the 104th Congress debates welfare reform, more punitive child exclusion proposals have appeared which could endanger the health and welfare of America's children. The following provisions would severely harm the children of already impoverished families:

- **WE OPPOSE PROVISIONS THAT WOULD DENY BENEFITS TO CHILDREN SIMPLY FOR BEING BORN INTO FAMILIES RECEIVING WELFARE.**
- **WE OPPOSE PROPOSALS THAT WOULD DENY BENEFITS FOR CHILDREN WHOSE PATERNITY HAS NOT BEEN OFFICIALLY ESTABLISHED BY THE STATE.**
- **WE OPPOSE ANY PROVISION THAT WOULD DENY BENEFITS TO THE CHILDREN OF UNMARRIED TEENAGERS.**

Our principal concern with excluding children from subsistence welfare benefits is that, if enacted, each of these provisions will hurt the children of already impoverished families. Years of social science scholarship makes it clear that people make childbearing decisions for complex and varied reasons. The promise of a tiny incremental gain in welfare benefits is not an inducement to have additional children. Family values will not be advanced by making it more difficult for poor mothers to provide for their children and escape from poverty. Any short-term fiscal savings gained by excluding children from receiving subsistence benefits will be outweighed by the long-term social costs of their impoverishment and the further deterioration of families already in distress.

We urge you to oppose these anti-child, anti-family provisions.

Please contact Martha Davis of NOW Legal Defense and Education Fund at (212) 925-6635, Deborah Lewis, ACLU at (202) 675-2312 if you have questions or need more information.

American Civil Liberties Union (ACLU)
NOW Legal Defense & Education Fund

Advocates for Youth (formerly The Center
for Population Options)
 American Association of University Women
 Americans for Democratic Action (ADA)
 American Friends Service Committee
 Association for Children for Enforcement
of Support, Inc.
 BPW (USA)
 Boston Women's Health Book Collective
 Bread for the World
 California Homeless and Housing Coalition
 California Women's Law Center
 Catholics for a Free Choice
 Center for Advancement of Public Policy
 Center for Community Change
 Center for Constitutional Rights
 Center for Law and Social Policy (CLASP)
 Center for Women Policy Studies
 Center on Social Welfare Policy and Law
 Child Care Law Center
 Church Women United
 Coalition of Labor Union Women
 Coalition on Human Needs
 Connecticut Alliance for Basic Human Needs
 D.C. Rape Crisis Center
 Eighth Day Center for Justice, Chicago
 Feminist Majority
 Feminists for Life
 Food Research and Action Center
 Institute of Sisters of Mercy of
the Americas, Leadership Team
 Interfaith Impact
 Jesuit Social Ministries National Office.
 Justice, Economic Dignity and Independence
for Women (Utah)
 Labor Project for Working Families
 Legal Assistance Resource Center of Connecticut
 Los Angeles Coalition to End Homelessness
 Lutheran Office for Governmental Affairs, ELCA
 Maryland Food Committee
 Mennonite Central Committee, WDC
 Mississippi Human Services Coalition
 9 to 5: National Association of Working Women
 NARAL (National Abortion and Reproductive
Rights Action League)
 NOW (National Organization for Women)
 National Abortion Federation
 National Association for the Education
of Young Children
 National Association of Child Advocates
 National Association of Social Workers
 National Black Women's Health Project
 National Coalition for the Homeless
 National Consumers League
 National Council of Churches
 National Council of Jewish Women
 National Council on Family Relations
 National Jewish Community Relations
Advisory Council
 National Low Income Housing Coalition
 National Welfare Rights and Reform Union
 National Welfare Rights Union
 National Women's Conference Committee
 National Women's Law Center
 Ohio Association of Child Caring Agencies
 Planned Parenthood Federation of America
 Pratt Institute Center for Community and
Environmental Development (Brooklyn)
 Religious Coalition for Reproductive Choice
 Seamless Garment Network, Inc.
 Service Employees International Union
 Sigma Gamma Rho
 Unitarian/Universalist Association
 Unitarian/Universalist Service Committee
 United Church of Christ
 United Auto Workers, The International Union
 U.S. Steel Workers
 Woman Activist Fund
 WOMEN OF REFORM JUDAISM,
The Federation of Temple Sisterhoods
 Women Lawyers Association of Los Angeles
 Women Work! The National Network
for Women's Employment
 Women's Economic Agenda Project
 Women's International League for
Peace and Freedom
 The Women's Law Center, Inc.
 Women's Legal Defense Fund
 YWCA of the U.S.A.

U.S. House Subcommittee on Human Resources
Committee on Ways and Means

Written testimony of

Fernando Cheung,

Executive Director of the Oakland Chinese Community Council, Inc.

The Personal Responsibility Act (PRA), part of the Republican "Contract with America," would drastically restrict the eligibility of both legal and illegal immigrants for many basic and essential Federal programs. I am the Executive Director of the Oakland Chinese Community Council, Inc., a non-profit organization that provides a variety of health and human services to Chinese and Asian families in need. I wish to draw your attention to the unfairness of this legislation, and the impact it would have on many of the neediest and most vulnerable members of society -- the elderly, the newcomers, and those with limited language skills.

Some core principles and values are at stake in this proposed legislation. Those principles include an equal opportunity for those persons with the drive to pursue their dreams and protection for those persons who, through unavoidable circumstances, are unable to meet their basic human needs. Immigrants are some of the most ambitious and hard-working people in our country, but they face a variety of barriers such as unfamiliarity with language, social customs, and job networks. The federal programs that will be denied to immigrants, if this legislation passes, are those which provide the most basic services necessary for sustenance and survival, including assistance for housing and food.

The United States is largely a country of immigrants. Denying immigrants the right to basic services enjoyed by others who were lucky enough to be descendants of prior immigrants cuts against our traditions of fairness and equal opportunity for all. The proposed legislation discriminates against all immigrants, even those who are legally residing in this country, paying taxes, and playing by the rules our government has instituted. Through no fault of their own, legal residents in this country are forced not only to deal with the unique pressures of adopting to a new home, but are excluded from many of the services that others take for granted. The government already does little to help such persons integrate into society, but such legislation would make it near impossible for a new immigrant to adjust and succeed in this country. Furthermore, the children and grandchildren of these immigrants are the ones who may bear the ultimate burden of such discrimination, many who will go without adequate food, housing, and education.

Much of our work at the OCCC is devoted to providing health care services that would be denied to all immigrants under the Personal Responsibility Act. New immigrant families, senior citizens, and other individuals in need approach our Family and Elderly Service Units for information and referral so they can gain access to human and health services available elsewhere. The OCCC's Hong Fook Adult Day Health Care Program offers individualized health care and support services to frail seniors and adults with special medical needs in a licensed and certified site. This program encourages and assists its participants to lead full independent lives. It seeks to prevent or delay premature institutionalization of seniors. This is the only program of its kind in the area that offers language-appropriate service to the elderly and those with specialized medical needs. These medical services would not otherwise be affordable to our clientele.

Cases where we helped those in need include Grace Yang, the spouse of a resident immigrant alien who came into the United States with conditional resident status and suffered physical abuse. Grace had no friends and no family she could turn to: OCCC referred her to a shelter and put her in touch with legal assistance. Another case was Clarence Yip, the cook who worked nightshifts and was attacked by muggers on his way home. Clarence was hospitalized and was stuck with medical and ambulance bills: OCCC helped him apply for aid for victims of violent crime and other assistance. If the PRA legislation were in effect, neither of these persons would have received the timely assistance that enabled them to get back on their feet.

Besides being unfairly discriminatory, the proposed legislation sells out the future of America by choosing not to invest in immigrants, traditionally the lifeblood of this country. Under the present system, disadvantaged adult immigrants may participate in OCCC's Employment and Training Program funded by the Job Training Partnership Act. This program gives enrollees job skills and orients them to the labor market. They learn how to apply for jobs, write resumes, and interview with potential employers. For many of the enrollees, getting a job is a necessity because their families rely upon their success in the job market in order to provide food and shelter.

Take for instance, the story of Helen Wong, an Employment and Training Graduate. She says:

"Here in the States, people must work so hard just for life's basic needs. I had a high school education, a comfortable life. I dabbled in business ventures. I didn't need to come here (to the United States). But my husband's parents are getting on in age. So we came. When we first came over, I spent over a thousand dollars for my children's physical exams for school entrance. To help make ends meet I worked part time at a sewing shop. I used to attend class in the morning and then rush off to the sewing shop. At night when I washed my face or blew my nose, the color of the fabrics we were sewing that day would come out.

I am now working in a hotel. It is a lot of physical exertion but I do not mind. We have good benefits. I don't think I would have found my job without the training programs I attended. It was not easy juggling classes, a part time job and taking care of five kids. I am glad I went back to school. It gave me a foothold, a starting point. Confidence, learning how to do the right thing, becoming more willing to do new things, those are the things I got out of my training."

People like Helen, who want and need to work, will be unfairly excluded from programs that will help them become self-sufficient and contributors to society. What would have happened to Helen's five children if she had not been able to find a job to support them? The proposed legislation would be self-defeating in its larger goals of creating a more prosperous society by not investing in the future of America. Instead of creating opportunities for those persons who have already shown initiative by having left their familiar native soil for a country whose customs and culture may be completely alien to them, the proposed legislation seeks to punish them instead. We should reward initiative and drive by providing services that would better integrate immigrants and their children into the fabric of American society.

The mission of the OCCC is to provide services to families who are in need, and to empower the most vulnerable members in our community, especially the elderly. Two-thirds of our clientele are women and nearly three-fourths are 55 years of age and older. Ninety-five percent have annual incomes of less than \$15,000 per year. The proposed legislation would leave many of these persons destitute and without the social support and training necessary to gain independence and control over their lives.

Though over 100 corporations and individuals generously donate money to our organization every year, we depend on Federal and other government funding for many of our services. It is precisely those services that go to the most needy, the elderly and those with specialized medical needs, that would be hardest hit under the Personal Responsibility Act. Totalling only a small fraction of the Federal budget, these programs can have tremendous value to the immigrants who need them as a building block towards living a more fruitful life in the United States. I urge you not to allow the political backlash against immigrants to affect your judgment of the worth of these programs. Vote "No" against the Personal Responsibility Act and the Contract for America. Thank you for your consideration.

**TESTIMONY ON THE PERSONAL RESPONSIBILITY ACT
BEFORE THE SUBCOMMITTEE ON HUMAN RESOURCES
OF THE COMMITTEE ON WAYS AND MEANS
JANUARY, 30, 1995**

I am Joan M. Reeves, Commissioner, Department of Human Services, and Chairperson of the Children and Families Cabinet for the City of Philadelphia, Pennsylvania. I appreciate the opportunity to testify regarding the Personal Responsibility Act. For many years, those of us responsible for the delivery of services to poor families and children at the local level have recognized that the "welfare" systems need to be reformed. Our daily contacts with families are highlighted by the frustrations they face being in a system that discourages independence and the frustrations public employees face due to the myriad of regulations, laws and programs that are inconsistent, duplicative, fragmented and uncoordinated.

As you deliberate on the provisions of welfare reform, be aware that all the systems that provide services to poor families and children are interdependent. Changes in one impacts upon the others. Therefore, all federal laws and programs should be reviewed to determine the impact on public education, mental health, medical assistance, child welfare, law enforcement, labor and housing. Also, recall that reform efforts are taking place at the local level. A little over a year ago, Mayor Ed Rendell recognized the need to reform local government's efforts to improve the quality of life for families and children and established the Children and Families Cabinet. The Cabinet comprises 17 public agencies, including the School District. Its purposes are to better coordinate the delivery of services, to develop a Five Year Strategy for improving services and to initiate a network of Family Centers and Youth Access Centers in communities. These Centers provide comprehensive services to families, children and youth. Local advisory boards are involved in needs-assessment, program development and the selection of staff.

The Family Centers receive some funding from the Commonwealth of Pennsylvania and each Cabinet agency has contributed cash or in-kind donations. The Youth Access Centers are supported by the City's Recreation, Public Health and Human Services Departments.

Our child welfare system is being redesigned with focus on intensive family preservation, in-home services, shorter stays in foster care and early adoptions. We are intensifying our efforts in communities that have the highest rates of reports of abuse and neglect. With these approaches, we will improve the lives of the 173,478 children who receive AFDC assistance, the 24,000 children who receive child welfare services, and the 2,000 homeless children in Philadelphia. Any Federal legislation which makes these children more vulnerable than they are already will deter our continued efforts at the local level to protect and enhance the lives of our youngest citizens.

The proposed welfare reforms suggest two changes: firstly, how the government responds to people in poverty; and secondly, how people in poverty react to the causes and conditions which placed them there. There is a tacit assumption that these two, very different forms of change are linked, and will happen concurrently. If they do not - that is to say if the government's reform outraces the anticipated behavioral changes of current and potential welfare recipients - the unintended outcome may be a crisis in the child welfare system. Potential unintended outcomes may be more traumatic to children than the AFDC program as we now know it. I urge this Sub-Committee to consider the consequences to children as it drafts welfare reform legislation. Correcting the problems in the welfare system should not result in shifting children into other service programs. Welfare reform should not increase the cost of caring for children.

To illustrate my point: The Omnibus Budget Reconciliation Act of 1989 authorized EPSDT (Early Periodic Screening, Diagnosis and Testing) mental health treatment services as a benefit for children enrolled in Medical Assistance. Prior to that time, there had been no provisions in public law to pay for mental health care for children in poverty in Philadelphia. In this instance, the lack of Federal funding had a very unintended outcome: caring and loving parents would seek to give up the legal custody of their children to my Department because this was the only way we could pay for the services needed by these children. More recently, we experienced a situation where a child was being discharged from a local psychiatric hospital because his Medicaid benefits were exhausted. With no other option to care for her son, the mother was going to do what professionals unofficially advised her was her only

choice, refuse to pick up her son and force the hospital to turn him over to my Department. DHS, she was told, would be able to get her son the residential treatment he needed.

If Federal funding for pediatric and adolescent mental health services were rescinded tomorrow children would still continue to have mental health needs. The question would be how to structure the rescission to assure that: children in need would not be placed in greater harm's way; family life would not be disrupted; the cost of care would not be shifted to a different tax base; and, perhaps most important of all, that children in need not be denied the care and nurturing that they require.

I ask this Sub-Committee to provide these same assurances as it reforms the country's welfare program. What protections will there be for children in need? In DHS, we evaluate the risk to a child when making the determination whether or not a child must be removed from his or her home. A child who does not receive proper nutrition is at risk. A child who does not or will not have adequate shelter and clothing is at risk. A child who does not receive medical care and attention is at risk.

In the City of Philadelphia, we believe that our children are our future. We also believe that the life prospects for children are enhanced and protected by supporting families and strengthening the communities where they live. Therefore, the health of our future as a city is inextricably tied to achieving the best outcomes for our children, by ameliorating the conditions which put them at risk.

For the majority of families on welfare AFDC payments and food stamps provide the transitional supports which parents need to continue to care for and nurture their children. A smaller percentage of parents are dependent on welfare assistance as the primary means for raising a family. What will happen to these children if their family's eligibility for benefits becomes exhausted or diminished? Yes, welfare reform may be accomplished, but the child welfare system will be inundated with the consequences. Just as the mental health needs of children in the previous analogy did not disappear when funding was not available, the unmet food and shelter and medical care needs that put children at risk will not go away because AFDC and Food Stamp funding has been curtailed

The unintended consequences will be the antithesis of the assurances that we tried to provide: more children at even higher levels of risk will become known to the local child welfare agencies; more families will be disrupted as we remove additional children from their homes; the cost of care, which is greater when provided outside the home, will shift to local jurisdictions and children will be the ones who are scarred by the experience.

The remedies to the problems which this Sub-Committee is trying to redress may not lie in a welfare fix by itself. In Philadelphia, we do not have just a welfare problem. We have an employment problem. We have child abuse and neglect problems, with 1,000 reports received monthly. We have a domestic violence problem. We have a high school drop-out problem. We lack adequate and affordable pre-natal and child health care. And yes, we do have a teenage pregnancy problem, and a substance abuse problem with insufficient treatment facilities and options. I ask the members of this Sub-Committee to ponder whether the resolution of these problems would in fact fix the welfare system, without the unintended consequences which harm children and hemorrhage families.

Welfare reform must take into consideration the multiple problems faced by poor people in a complex society, and it must include local governments in the discussions. It will be the local municipalities that will be faced with creating the solutions for increased homelessness, increased child welfare, increased mental health and other service needs.

Thank you for this opportunity to testify on one of the most important reforms issues effecting the future of many Philadelphians.

TESTIMONY OF ANN F. LEWIS
PLANNED PARENTHOOD FEDERATION OF AMERICA, INC.

Planned Parenthood Federation of America is the world's oldest and largest voluntary reproductive health care organization, tracing its origins to the first birth control clinic in America founded by Margaret Sanger in 1916. Currently, Planned Parenthood has 161 affiliates in the United States, which provide a variety of health care services from prenatal care to midlife services. Planned Parenthood's 22,000 volunteers and staff members provide medical, educational, and counseling services to meet the family planning needs of more than four million Americans each year. Three-quarters of Planned Parenthood's contraceptive clients are at or below 150% of poverty. Our testimony is based on Planned Parenthood's 80 years of experience with women and their families and its commitment to reproductive freedom. In light of that, we oppose the Personal Responsibility Act (PRA), H.R. 4.

Everyone agrees that changes must be made with the welfare system. However, the difference lies in the ultimate goal. Planned Parenthood believes the goal of welfare reform should be to empower women and their families to lift themselves out of poverty with dignity. Planned Parenthood does not support punitive policies that only seek to punish women and their families; we abhor the current debate that devalues children based on the circumstances of their birth and that speaks to women surviving on welfare as needing "carrots and sticks" as if they were oxen or mules.

If the PRA or a similar measure is adopted, not only will we miss the target in our drive toward welfare reform, but we will also witness unnecessary pain and misery in the process. There will be pain for the targets of ill-conceived welfare reform schemes--women and children. There will also be pain for American taxpayers who will ultimately pay more - and not just in dollars - for the problems that are certain to flow from quick-fix solutions like the PRA.

Despite the name, based on our experience there is nothing in the provisions currently outlined in the PRA that will promote either collective or individual responsibility. We'd like to focus our testimony on just one of the proclaimed targets of the PRA--pregnant adolescents--and we want to tell you why the PRA will not serve as an effective weapon against the growing teen pregnancy epidemic. We would first like to address the myths upon which this bill is based.

1. Welfare Does Not Encourage Women to Have Children. *For women on welfare, as for all women, family size has been declining for decades. In fact, the longer a woman remains on AFDC, the less likely she is to have another child. On average, families on welfare have fewer than two children; nearly half have only one. Moreover, states with the lowest levels of welfare benefits have the highest rates of non-marital births, while states with the most generous benefits have the lowest rates of out-of-wedlock births.*

2. Benefits Under AFDC and Other Programs Have Declined, In Constant Dollars, Over The Past 2 Decades. *There is no state in which benefits bring recipient families even up to the poverty line. Consider that the average monthly AFDC allotment is \$60-75 per child. Are young people having children in order to collect roughly \$2-2.50 per day? Where is the financial incentive to bear children?*

3. Of All AFDC Recipients, 39% are white; 37% are African-American; 18.4 % are Latina. *Women of color are over-represented among those on welfare because they are over-represented among the poor.*

Now, as for the interlocking myths involving teen pregnancy and welfare benefits. Consider that less than one-third of out-of-wedlock births occur to adolescents and 85% of those are unintended. Moreover, only 6% to 8% of the single mothers on welfare are teens. Add to that the fact that when talking about the federal outlay for AFDC dollars, it is only 1% of the national budget; in the states, it's roughly 2%. So, from the outset, PRA provisions that specifically punish poor and adolescent women for their affirmative childbearing decisions will do little, if anything, to overhaul the welfare system as we know it.

While teen pregnancy, tragically, is a predictor of future poverty and hardship, welfare

is not the core problem. It is important to realize that chief among the factors indicating teens are likely to become pregnant are poverty, unemployment, lack of education, and hopelessness. Therefore, if the goal is to end the teen pregnancy epidemic, then the purpose of public policy must be to improve the conditions of young people's lives, to give them a sense of future for themselves, and to help them feel some sense of accomplishment apart from childbearing. As Marion Wright Edelman of Children Defense Fund says "hope is the best contraceptive."

Some of the adolescents who make it to our doorsteps for family planning services tell us, in so many words, that they want to have a baby in order to make up for other emotional losses in their lives. Simply put, they want to feel needed, to be loved and to have companionship in an otherwise cruel world. For some, having a baby is a mark of status — of having "arrived" in their community of peers so to speak. But as I mentioned earlier, in 85% of these cases, none of these young women engaged in sexual behavior for the purpose of getting pregnant! Indeed, the pregnancy was more often the unintended result of miseducation, or the complete lack of it, or the lack of access to contraceptive products and/or misapplication of contraceptive products and practices.

Ironically, the PRA, while embarking on harsh, untried, punitive schemes, ignores positive approaches with proven success. Its attempt to coerce behavior by slashing welfare benefits would clearly make lives more miserable for needy children and their families.

Policies like the PRA, that condition public assistance upon individual childbearing decisions or ones that compel, prevent, or reward the use of contraception or a particular contraceptive method (e.g., some state legislatures have attempted unsuccessfully to link the receipt of AFDC benefits with mandated use of longterm contraceptives) are coercive and incompatible with fundamental human rights. The integrity of childbearing decisions requires that all women have access to quality, confidential abortion services, contraceptive services, prenatal care, and obstetrical services, regardless of income.

The primary goal of public assistance must be to promote independence rather than dependence. Therefore, reform initiatives must focus on the acquisition of skills through education and job training, which can provide people with the means to obtain meaningful employment. Imposing arbitrary time limits on benefits ignores individual circumstances, the needs of dependent children and structural economic conditions. Only by addressing all the education, training, and human service needs of those living on low incomes can families be empowered to control their own lives.

And, yes, loving, intact families, however configured, should be a central goal of our social welfare policies. But, these policies must not force women to maintain abusive relationships with men or force children to maintain abusive relationships with parents for the sake of a "traditional" family. In a recent DHHS study, 66% of pregnant adolescents reported situations of sexual molestation and 50% of those reporting such incidents cited victimization by someone in the home.) Reform initiatives must recognize the validity of nontraditional family structures.

Social welfare policies must also ensure access to safe, appropriate and affordable child care for all parents who are working or participating in educational and job training programs. Further, because support for children is not only financial, all positive involvement in family life must be recognized and encouraged. This means that, while parental financial support mechanisms should be strengthened such measures must not endanger or dehumanize women and children, nor push low-income non-custodial parents further into poverty.

As for a positive approach to reducing teen pregnancy, our experience tells us that meeting the needs of the whole person is essential. Moreover, among the arsenal of employable remedies that will meet whole-person needs, at least two are indispensable: the first is unequivocal support for K-12 comprehensive, reality-based, age-appropriate, sexuality education in our schools. By this we mean the implementation of educational programs nationwide that will include not just the facts of sexual life, but also such vital concerns as communication and decision-making skills, emotional development, and self-esteem. The second is unimpeded access to comprehensive family planning services and reproductive health care. We cannot reasonably expect individuals to make voluntary, informed, and responsible

decisions about childbearing otherwise.

We also know, firsthand, that young people must be reached before they become sexually active; and if they are sexually active, we cannot just condemn them but continue to work with them to prevent pregnancy and sexually transmitted infections. Above all, parents must be encouraged to be the primary sexuality educators of their children. But to do so, they need adequate skills and knowledge to be able to initiate dialogue about sexuality and values, as well as to impart information with comfort and authority. Even under the best of circumstances, however, we should not place all our chips on the family and the schools to deliver the message alone. We need to encourage and empower coalitions of community-based organizations that have hands-on experience working with teens — agencies with track records in social services, family planning, youth groups, and religious institutions. Moreover, teens are reached through other teens. At Planned Parenthood, our First Things First program has scored great success with using teen educators to teach their peers about making safe choices about sex, including abstinence.

In closing, Planned Parenthood believes that welfare reform must be based on fact and not myth or stereotype. Overhaul of the system must include an honest account of structural economic issues and the financing of welfare reform must not come from programs that serve other vulnerable groups. Most importantly all social welfare policies, including welfare reform, must respect individual dignity, encourage self-empowerment, and ensure the fundamental right to reproductive choice. If we embark on this path, then we will truly have achieved reform.

TESTIMONY OF
 REPRESENTATIVE DEBORAH PRYCE (R-OH-15)
 U.S. HOUSE OF REPRESENTATIVES
 SUBCOMMITTEE ON HUMAN RESOURCES
 HEARING ON WELFARE REFORM
 JANUARY 30, 1995

Mr. Chairman, I am very pleased that reforming our welfare system will be a priority in the 104th Congress, and I commend you as Chairman of the Ways and Means Subcommittee on Human Resources for scheduling extensive hearings to examine the various issues surrounding welfare reform. I think it is abundantly clear that our present system is failing, and will not dwell on that fact. Instead, I will take this opportunity to focus on just one aspect of the welfare debate -- an obstacle to work that faces the families who rely on welfare benefits -- the lack of affordable, quality child care.

For the poor, finding affordable child care is often a prerequisite to leaving the welfare rolls, and for the 58 percent of poor children under six whose parents do work full or part-time, losing child care could be the one event that leads them to welfare dependency. The government recognizes this dilemma and has attempted to address this problem through several child care assistance programs. However, like many government solutions, federal child care subsidies are subject to a maze of regulations that discourage the individuals they are designed to help. In the case of child care assistance, the frustration drives recipients away from their jobs and back to welfare. In addition to the issues of availability and affordability, there are concerns about quality and convenience that must be allayed before parents are willing to work rather than stay home and collect welfare benefits.

Last Congress I introduced, and will reintroduce in the 104th Congress, the Child Care Availability Incentive Act that speaks to each of these issues. My bill would encourage businesses to provide as a benefit to their employees on-site or site adjacent child care services. The Child Care Availability Incentive Act offers significant incentives in the form of tax credits to businesses equal to 50 percent of the costs they incur to provide on-site or site-adjacent care to their employees. Both the employer and employee benefit under this bill. Studies have shown that on-site and site-adjacent care results in increased productivity and morale among workers and reduced worker absenteeism. Further, research shows that employer-sponsored care is often high quality and cost-effective.

For example, a 1989 study conducted at Union Bank, in Monterey Park, California, showed that the bank saved between \$138,000 and \$232,000 during the first year of the center's operation. The savings were attributed to reduced turnover and absenteeism, and shortened maternity leaves. Union bank invested \$105,000 in operating support to the center that year, so they realized a return on their investment of more than 130 percent!

Further, the Child Care Availability Incentive Act provides businesses flexibility, allowing them to share the cost of the child care benefit with their employees. It is not a one-size-fits-all federal mandate, but a government partnership with business to address a social issue that more and more American families face.

I am still anxiously awaiting an estimate from the Joint Committee on Taxation, which is responsible for determining the "cost" of this legislation. I know that each of us is concerned about a growing national deficit, and that Congress must become more fiscally responsible when enacting new policies. I believe the Child Care Availability Incentive Act will relieve the government of some its financial burden. Indeed, the government is already spending billions of dollars on welfare for single, unemployed mothers and on child care subsidies. Further, I think

we have to put the "cost" of revenue losses due to tax credits into perspective. In my view, allowing American businesses to keep more of their own money to invest in their employees and to address social issues is both reasonable and preferable to the government taking it upon itself to take and spend more of the taxpayers' dollars to solve the same problems.

I hope as the debate over welfare reform continues, the issue of child care availability will be discussed at greater length. I think all Americans have an interest in ensuring that our nation's children receive quality, developmental care in their early years which prepares them to be responsible, productive citizens.



FOR A HUMANE PUBLIC AID PROGRAM IN ILLINOIS

Sharrón D. Matthews
Executive Director

Testimony on the Personal Responsibility Act of 1995,
Submitted to Subcommittee on Human Resources, Committee on Ways and Means,
United States House of Representatives on Thursday, February 2, 1995
As Prepared by Sharron D. Matthews, Executive Director, Public Welfare Coalition of Illinois

The Public Welfare Coalition (PWC) is a 25 year old broad based coalition comprised of over 200 social service, civic and religious organizations and individuals across Illinois who are concerned with how public aid policies and programs affect the lives of nearly 1.5 million of their fellow Illinoisans. (See the attached PWC fact sheet.) PWC combines policy analysis, advocacy and public education to help create more responsive and equitable public aid policies on the local, state and national levels. PWC is committed to insuring that adequate resources are available for those in need and that progressive changes are made in the welfare system to train and provide appropriate and adequate supportive services to recipients who are moving from welfare into work.

PWC fully supports welfare reform and understands the need to reform the present welfare system. PWC believes, however, that adequate supportive services, quality education and training, and the creation of jobs that pay a livable wage are the key to real welfare reform. We applaud, what is to date, the most comprehensive review by government of one of the most complex and urgently needed social programs of our nation's history. Transitioning from welfare to work, support of two-parent families within the welfare system, the ending of the cycle of intergenerational welfare dependency, and decreasing the rate of teenage pregnancy are all initiatives that PWC has supported since its inception in 1969. Sadly, however, the Personal Responsibility Act, as currently written, does not provide the type of planning and compassion that will be required to successfully end "welfare as we know it" without also ending lives while significantly decreasing the quality and tearing at the very fabric of American life.

Although we welcome the window of opportunity to focus on welfare reforms and systemic change, we are deeply saddened by the seeming lack of consideration of the following factors in the legislative initiatives currently being reviewed by this committee:

1. Adequate resources for childcare;
2. Availability of affordable health coverage;
3. Livable wage employment opportunities;
4. Need for flexibility in "welfare to work" transition planning instead of arbitrary time limits;
5. Lack of emphasis on job creation in the private sector;

6. Pre- as well as post-employment assistance to increase job retention and reduce length of time between employment;
7. The lack of supportive attention and real assistance being provided male recipients in their transitioning into the work force;
8. The need for a federally mandated, and adequately funded, national minimum standard of basic needs support level for adults and children;
9. Lack of experience, resources and organizational capacity of states' departments of public aid to be job placement and career development entities;
10. Individuals should not go to work everyday and return home poor. Need legislative initiatives to promote "making work pay" for everyone;
11. The social and economic costs of human misery and higher city and state taxes that will result from decreasing funding and elimination of entitlement which have traditionally served as "safety net" programs; and
12. The negative impact on commerce, small business and corporate operating environments.

Given that this legislation was initially presented to the public as part of a "Contract with America", please keep the following in mind when deliberating the fate of over 15 million Americans and other individuals struggling as immigrants to become citizens of the United States, a proverbial land of immigrants.

Webster's New World Dictionary offers several definitions of the word "contract". Among them are: 1) An agreement between two or more people to do something; 2) To narrow in scope; 3) Restrict; 4) Shorten; and 5) To decrease in size, bulk or extent.

This portion of the "Contract" would put spending limits on the growth of welfare programs including AFDC, Supplemental Security (SSI), and public housing while also consolidating 10 nutrition programs including Food Stamps, Women, Infants and Children (WIC); and the School Breakfast and Lunch programs into a "discretionary" block grant for states to operate. By converting these programs into block grants instead of entitlement programs, three very terrible occurrences would then be possible:

- 1) A human being is no longer entitled to, and the government no longer has to provide or assist with, food or shelter. Currently, a person is eligible and is entitled to (cannot be denied) government assistance simply due to need;
- 2) A state may opt to fund only certain types of welfare benefits, provide only certain services, and serve only certain groups of people or individuals; and
- 3) Since funds are being cut and monies for program growth limited, once discretionary block grant monies have run out, no more services of benefits will have to be provided during that year, as required now under the entitlement program category.

For the welfare system to be successfully reform, any legislative initiatives must take the following into account:

1. The needs of infants and children must be adequately addressed;
2. Human capital development (i.e. access to real training, education, and gainful employment and upper mobility) must take priority; and
3. Follow the dictates of the logic of basic economics which calls for more capital investment up front in the short term to yield higher returns in the long run for all America .

Given the current situation, everyone agrees that new paradigms for government assistance to individuals and families is desperately needed. It is only logical, therefore, for government to work with those who have the most knowledge and experience as well as those who have the most to gain (i.e. welfare participants, advocates, and social service providers) in solving the most important social issues of our society. We ask that this committee provide the opportunity and time for this collaboration to occur by rejecting this particular legislative proposal and calling for more open participation in this process. Thank you.

PUBLIC WELFARE COALITION

100 South Morgan, Chicago, IL 60607

WHAT is the Public Welfare Coalition?

The Public Welfare Coalition (PWC) is comprised of over 200 organizations and individuals across Illinois who are concerned with how public aid policies impact the lives of nearly 1-1/2 million fellow Illinoisans. PWC combines policy analysis, advocacy and public education to help create more responsive and equitable public aid policies on the local, state and national levels. PWC is committed to ensuring that social resources are available for those in need and that progressive changes are made in the welfare system to train and provide supportive services to recipients who are moving from welfare into work.

WHY is the Public Welfare Coalition needed?

The Public Welfare Coalition is the oldest organization that primarily addresses public aid policy and program issues in Illinois. It is dedicated to improving the conditions of those in extreme poverty by working as a catalyst to identify problems, develop solutions and organize for change.

- There are almost 1.5 million Public Aid recipients in Illinois, an increase of 17% in two years. This number represents 12% of the state's population, the highest ever.
- Two-thirds of AFDC recipients are children. Half of the children are age 6 and younger.
- The average Public Aid family includes just 2 children.
- In 1993 public assistance grant levels provided only 42% of the State "Standard of Need"—the state's poverty index.
- A mother with two children only has \$12.50 a day in cash assistance to support her family.
- The buying power of the Public Aid recipient's dollar is 52% less than it was in 1970.
- An increasing number of Public Aid families are spending 80% or more of their cash grants on housing costs. Less than 19% of recipients have subsidized housing.
- There has been a large growth in homelessness among families. The number of homeless people in Illinois is estimated to be over 100,000, compared to 40,000 in 1986.
- Over 83,000 single individuals were cut off of General Assistance in 1992. The Earnfare program, which serves a maximum of 4,000 individuals a month, is the only program now available to "able-bodied" individuals that were cut off. The Earnfare program does not provide any medical benefits to those recipients struggling to make their transition into the workforce.
- The state appropriated \$7.5 billion for Public Aid in FY95. However, 76% is for medical costs which jumped by 6.4% over the previous year. This leaves only 14.9% for income assistance, 2.3% for employment and social services and 6.8% for overall administration of services and programs.

PWC believes the only real solution to welfare is jobs. It has been well documented that many welfare recipients are willing and able to work and may need job training, affordable quality child care, quality health care or other supportive services, but most importantly, they need real jobs that pay a livable wage.

**SAMPLE PUBLIC AID GRANTS AND OTHER BENEFITS IN ILLINOIS COMPARED TO THE STATE
STANDARD OF NEED AND THE FEDERAL POVERTY LEVEL**

<u>FAMILY SIZE</u>	<u>* 1994 CASH GRANT</u>	<u>MAXIMUM FOOD STAMPS</u>	<u>MAXIMUM TOTAL BENEFITS</u>	<u>1994 STATE STANDARD OF NEED</u>	<u>CURRENT FEDERAL POVERTY LEVEL</u>
1 (TA)	\$ 154	\$ 115	\$ 266	\$ 514	\$ 613
3 (AFDC)	\$ 377	\$ 304	\$ 672	\$ 915	\$ 1,027

* The grants listed in this table are the highest payment levels in 14 counties. The payment levels are even lower in other counties. The cash grant only provides 41.2% of the State Standard of Need for AFDC and 29.9% for Transitional Assistance as of 1994.

Sources: Illinois Department of Public Aid and US Department of Labor

WHAT services does PWC provide?

The heart of PWC's Advocacy Program is the crisis hotline, which handled more than 1,300 calls in 1993. The hotline offers information on access to benefits; resolution to problems that interrupt grants and threaten families and individuals with homelessness and other crises while educating recipients, caseworkers and community organizations about welfare rights, policies and procedures. PWC also publishes the only handbook totally devoted to providing a summary of IDPA policies and procedures.

PWC's Education Program keeps legislators and the public informed about current policy issues and the needs of people on public aid through the media, public hearing testimony, a membership newsletter and the Fax Network Briefings.

PWC's Public Policy Program monitors changing public aid policies and their implementation. As a coalition, PWC identifies and implements strategies to remedy issues that adversely affect recipients. This includes monitoring federal welfare reform legislation and providing briefing papers and recommendations on various aspects of welfare programming.

Coalition members are encouraged to participate in these activities. Since 1969, individual and organizational members have made the Public Welfare Coalition a leader in advocating for the needs of the poor throughout Illinois.

Membership in PWC offers multiple benefits:

- ✓an aggressive vehicle for change within the public aid system;
- ✓regular issues briefings;
- ✓monthly Membership News; and
- ✓discounts on PWC products and workshops, including the Handbook of Illinois Public Aid Policy, 2nd Edition.

To join PWC, please contact:

PUBLIC WELFARE COALITION
100 SOUTH MORGAN STREET
CHICAGO, ILLINOIS 60607
Office: (312) 829-5568
Fax: (312) 829-9481

**TESTIMONY OF WILLIAM D. BECHILL
SAVE OUR SECURITY COALITION**

The Save Our Security Coalition (SOS) appreciates this opportunity to present a statement on H.R. 4, the Republican-sponsored Personal Responsibility Act. Founded in 1979, SOS is a coalition of over 100 national, state, and local organizations concerned with all of the programs under the Social Security Act of 1935. These include the Old Age, Survivors, and Disability Insurance programs, Unemployment Insurance, Medicare and Medicaid, the Supplemental Security Income program, and the public social services programs authorized under the Title XX provisions of the Act.

Last June, after considerable study, SOS adopted a policy statement on welfare reform. It called for a comprehensive welfare reform program. Its main features were: 1) an expansion of the Earned Income Tax Credit program as a major method of increasing the incomes of poor and near-poor families; 2) a major expansion of the JOB program especially to develop more effective efforts to help AFDC parents find both public and private sector jobs; 3) at time of application, requiring a contract setting forth the responsibilities of both the applicant and the welfare agency to help AFDC parents gain self-sufficiency; 4) improvement of child care services for AFDC and other low-income families; 5) stronger child support enforcement efforts by the States; 6) special efforts to prevent teenage pregnancy as well as to provide services to teenage parents receiving AFDC, including services to assist them in parenting skills and in efforts to complete their high school educations and to prepare for work; 7) financing of these and other welfare reform efforts by other revenues than those that would result from reducing or eliminating benefits for legal immigrants in need of such services as AFDC, Medicaid, Food Stamps, and other health and income support programs.

In 1994, SOS also submitted written testimony to the House Ways and Means Committee on H.R. 4605, the President's welfare reform bill. We gave that bill our general support, although we did raise questions about a lifetime time limit on cash assistance, the lack of a basic income floor for all families receiving AFDC, the so-called "family cap" option given to States who may wish to exclude a child born after a parent began to receive AFDC, and the proposed financing of the program. With respect to financing, we proposed that the Congress consider other alternatives than those offered in H.R. 4605. We particularly singled out the area of tax entitlements that currently benefit wealthy individuals and businesses as a financing source to examine.

Comments on H.R. 4

The Personal Responsibility Act, as introduced, is not simply welfare reform or a restructuring of the federal-state Aid to Families with Dependent Children. It is, instead, a proposal that would reverse the many gains made in constructive social policy on behalf of poor and near-poor persons in need of assistance from

such programs as AFDC, Supplemental Security Income, Food Stamps and other nutrition programs, and Medicaid. In addition, the bill contains provisions that would deny assistance to legal immigrants in no less than 60 programs, including Medicaid, SSI, all forms of housing and employment training assistance, and many others. These provisions are extremely punitive and we urge that they be deleted by the subcommittee.

SOS has many concerns regarding H.R. 4 as introduced as part of the so-called "Contract With America". These are:

•The Annual "Caps" for the AFDC and SSI Programs

H.R. 4 would establish an annual expenditure cap on the AFDC, SSI, and other programs cited in the bill. It is alleged that such spending caps would result in some \$18 billion dollars of savings over the next five years.

Annual spending caps on the AFDC and SSI programs would place in jeopardy the economic support of 4.4 million adults and 9.3 million children receiving AFDC. It also would do the same for the 4.5 million needy older, blind and disabled persons now receiving SSI.

An annual spending cap would mean the end of any entitlement status for persons receiving assistance under either program. In times of recession or slow economic growth, which generally means increased reliance by many poor persons or families, there would be no adaptability to adjust to such changing circumstances by those administering these programs. In the case of AFDC programs, States would be forced to make arbitrary decisions about which of the poor should or should not receive help. Poor persons and families would not have any legal rights to aid, no matter how justified their need for assistance might be. In the case of the SSI program, the Social Security Administration would be forced to put needy and potentially eligible older, blind and disabled persons on waiting lists, once an annual cap would be reached in a slow growth recession year. SOS urges that such spending "caps" be removed from the bill.

•H.R. 4 Contains Several Provisions that are Harmful to Children

SOS strongly believes that several provisions of H.R. 4 would, if enacted, be particularly harmful to children, especially those now receiving AFDC. For instance, H.R. 4 would arbitrarily deny AFDC for children born to unwed mothers younger than age 18. We believe that minor parents should continue to be eligible. SOS would urge policies that would enable a minor parent to be eligible if living in a household with a responsible adult or mentor.

H.R. 4 also would deny AFDC to any child whose paternity had not been established at the time of application or reapplication; to any child when the proposed time limits for cash assistance or subsidized work expire, or when additional children are born to a mother already receiving AFDC. Again, these are arbitrary

provisions that seem to punish children. It is important to establish paternity for any child. But the efforts to establish paternity, even if underway, often take several months or more. A child should not be denied while that process is underway.

Similarly, the proposed time limits on the cash and work provisions provide little safeguard to children in AFDC families. H.R. 4 gives States the option of ending AFDC for families who have received either form of assistance for a two year period. Further, it would mandate that all States terminate AFDC families who have received cash and worked in subsidized employment after five years. Under either provision, AFDC families would be forever ineligible for AFDC no matter how serious their future financial or work situation.

SOS asks that these provisions be reconsidered by the subcommittee and by all members of the Congress. Welfare reform is needed, but our national goal should not be, as the President said in his recent State of the Union address, "...to punish them because they happen to be poor."

The aforementioned provisions and others cited would mean a complete abandonment of any responsibility of the national community for the well-being of children who are poor.

•The Proposed Nutrition Block Grant Would Also Hurt Children and Other Vulnerable Groups

H.R. 4 would consolidate 10 major federal nutrition programs into a block grant to the individual States. The programs include Food Stamps, Emergency Food Assistance, the "WIC" program, and the School Meals or Lunch program. It is alleged by the authors of H.R. 4 that \$11 billion dollars could be "saved" over a five year period by converting these programs into a block grant. SOS questions the assumptions for such a figure which do not seem to be based on anything more than "guesstimates" rather than actual fact. The proposed nutrition block grant would end the entitlement status of such critical programs as Food Stamps, WIC, and the School Lunch program. In the case of Food Stamps, it would threaten the well-being of some 27 million Americans who receive help under the program. This is a program that with all its imperfections has been the major safety net to combat hunger and malnutrition in our society.

Some governmental functions may be amenable to the block grant approach. But it would appear that food and nutrition is not such an area. SOS believes that the proposed nutrition block grants would make these programs discretionary for individual States. In several States, we fear such an option would lead to the cutting back of services and turning hungry persons away from help.

SOS takes the same position on other block grant programs being proposed for AFDC, child welfare, child care, and other areas as possible amendments to H.R. 4. We believe that it is in the

national interest for the Federal Government to play a major role in their administration and oversight.

Conclusion

SOS continues to support a constructive welfare reform proposal. At the moment, we believe the most thoughtful plan for welfare reform has been the proposal made by President Clinton in 1994, H.R. 4605, the Work and Responsibility Act. We will continue to vigorously support that proposal, as well as to vigorously oppose the provisions of H.R. 4 as introduced.

CITIZENS must Be Allowed
 to sell Property with Realtor
 at MARKET & PAY their Share
) CAPITAL GAINS DNE Treasury
 (instead) legally giving to welfare

UNLOCKING LOCKED-IN REAL ESTATE CAPITAL ACT

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 Washington, DC 20013

Relm. (703) 777-3340

UNLOCKING LOCKED-IN REAL ESTATE CAPITAL ACT

The SAMPLE BILL enclosed will:

1. Generate Capital Gains Tax from the sale of property;
2. Generate Income Tax from cash invested and from new jobs created;
3. It will GET THE RICH OFF WELFARE and food stamps and
GET THE SECOND-HAND RICH OFF WELFARE and food stamps;
4. It will create money to support the infrastructure by citizens
not paying now;
5. It will create a NEW "SPECIAL NEEDS" TAX PAID TO THE STATE - See
Page (14);
6. It will create OTHER TAXES FOR THE STATE - See Page (15)
7. It will create many NEW JOBS and thus RECOVER THE ECONOMY -
See next page for JOBS CREATED;
8. It will create a lot of new money for spending in the stores.
More to follow on:
 1. PENALTIES for SAMPLE BILL; and
 2. MORE EXPLANATION AND COMMENTS on why the need for this BILL
and the benefits to the citizens and the State.

NOTE: THIS BILL WILL PUT LOTS OF NEW MONEY INTO THE POCKETS OF THE CITIZENS
AFTER PAYING TAXES UNLIKE OTHER PLANS, WE ARE HEARING FROM WASHINGTON,
THAT WILL TAKE MONEY FROM THE POCKETS OF PEOPLE AFTER PAYING TAXES.

JOBS CREATED

1. New business for Realtors
2. New business for credentialled Appraisers
3. New business for Mortgage Bankers

After the land is sold: 4. Building Contractors - Commercial and Home Builders

5. Construction Workers

6. Road builders

7. Excavators

8. Surveyors

9. Plumbers

10. Electricians

11. Roofers

After the construction is completed:

12. Furniture manufacturing jobs

13. Lighting fixture manufacturing jobs

14. Other manufacturing jobs

15. Floor covering jobs

16. Moving, shipping and delivery jobs

17. Salesclerks

18. Secretaries and Receptionists

19. Cleaning and maintenance jobs

80% of new jobs come from small business; Putting the above back to work, including the building trades, would create new sales for homes again and dollars available to spend in the stores after taxes are paid.

UNLOCKING LOCKED-IN REAL ESTATE CAPITAL ACT

REAL ESTATE OWNERS IN DISAGREEMENT GENERALLY RESULTS IN OWNERSHIP OF REAL ESTATE DEBT FREE

THE IMPORTANCE OF THE ABSENCE OF MORTGAGES: Owners undivided or partners that cannot agree to sell Real Estate owned, including vacant land that has been underproductive for decades, also cannot generally agree to borrow on it. Thus, the Real Estate capital to be unlocked in this Act is usually from Real Estate sales of properties that do not have any mortgages against them, unlike other Real Estate properties that can have mortgages when owners are in agreement.

Thus, when an appraisal comes in lower than an existing mortgage owed, owners that have been in agreement and have borrowed on a property cannot sell, at that time, because the mortgage, in a bad economy, can be more than what the property is appraised for at that time.

However, on properties that have been held for decades, that decades ago were worth very little, an appraisal in a bad economy, when the property does not have any outstanding mortgages to be paid, can look very good to owners who want to sell; THIS ENABLES A BUILDER WHO IS HURTING IN A BAD ECONOMY TO GET STARTED AGAIN; IT IS THESE BUILDERS AND BUYERS WHO HAVE A CHANCE TO GET STARTED AGAIN IN A BAD ECONOMY, BUYING PROPERTIES FROM OWNERS UNDIVIDED OR PARTNERS THAT HAVE NO MORTGAGE OWED, THAT WILL BEGIN THE ROAD TO RECOVERY, NOW IN OUR BAD ECONOMY, FOR THE STATE AND OUR NATION BY GENERATING TAXES THAT LEAVE MORE MONEY IN THE POCKETS OF THE CITIZENS AFTER THEY PAY THESE TAXES - SO THEY WANT TO PAY THESE TAXES - AND BY CREATING JOBS AS SHOWN ON PAGE II. THE ABSENCE OF MORTGAGES MAKES THE DIFFERENCE IN BEING ABLE TO SELL THE REAL ESTATE AND BEGINS THE CYCLE, WE NEED NOW, TO LOWER THE DEFICIT AND TO CREATE JOBS AND TO RECOVER OUR ECONOMY.

UNLOCKING LOCKED-IN REAL ESTATE CAPITAL ACT

BILL NO.

1. THIS ACT WILL RAISE REVENUE FOR THE STATE FROM CITIZENS WHO CAN AND WANT TO PAY TAXES; IT WILL CREATE JOBS AND HELP RECOVER THE ECONOMY; IT WILL UNLOCK CAPITAL GAINS AND LOWER THE DEFICIT; IT WILL CREATE INCOME TAX DUE FROM CITIZENS WHO WANT TO PAY; IT WILL LESSEN THE NUMBER OF CITIZENS NEEDING ASSISTANCE FROM HHS AND FROM DEPARTMENT OF AGRICULTURE IN THE FORM OF FOOD STAMPS; IT WILL LESSEN, AND IN SOME CASES STOP, STALKING AND CRIME; IT WILL INCREASE COMMERCE AND THE BUYING OF PRODUCTS; IT WILL INCREASE THE DEMAND AND PURCHASE OF HOMES AND CARS; IT WILL HELP PAY FOR INFRASTRUCTURE FROM CITIZENS WHO WANT TO PAY; IT WILL INSURE THAT CITIZENS LIVE THEIR YEARS AS THEY WANT TO AND PLANNED TO RATHER THAN LIVING IN TERROR OF TERRORISTS WHO ARE TRYING TO STEAL THEIR ASSETS/REAL ESTATE, WHO ROB THEM OF THEIR LIBERTY AND TIME AS GUARANTEED BY THE UNITED STATES CONSTITUTION, AND WHO DRASTICALLY AND VERY NEGATIVELY ALTER THEIR QUALITY OF LIFE. IT WILL CREATE A NEW "SPECIAL NEEDS TAX TO BE PAID TO THE STATE BY CITIZENS WHO WANT TO PAY TO BE USED FOR THE "SPECIAL NEEDS" OF OTHER CITIZENS AND INDUSTRY WITHIN THAT STATE - See Sec. 6. on Page (14).
2. INCLUDED AND COVERED IN THIS BILL:
 - A. All Real Estate owned undivided;
 - B. Partnerships, formal and properly recorded or informal and not recorded, may or may not be included.
3. NOT INCLUDED AND EXEMPT:
 - A. All Real Estate owned by husband and wife without any other owners;
 - B. All Real Estate owned by joint ownership of any kind;
 - C. All residences lived in or worked in, full or part-time, by any owner;
 - D. Corporations.
 - *E. Written Agreement - see page 1.a., next page;
 - *F. Subdivision or Development - see page 1.a., next page;
4. DEFINITIONS:
 - A. Owner or shareholder is any owner of a property owned undivided or any fraction of an owner of a property owned undivided like owning 1/3 of 1/5 of the property undivided.
- **5. BILL IMPROVES EXISTING CODE AS FOLLOWS:
 - A. With passage of this Act, any owner who wants to sell a parcel of Real Estate, owned undivided, in its entirety can immediately cause that property to be sold when any other owner or group of other

3. NOT INCLUDED AND EXEMPT - (continued from page 1);

*E. A WRITTEN AGREEMENT, prior to a new partnership, can void that partnership being bound by this Act if it is so stated and is signed by all partners and notarized before the partnership is formed, even when that partnership is formed after passage of this Act; All written agreements, ^{notarized,} at any time, between all partners or between all owners undivided, supersede this Act; This Act is 'in ^{written} ^{notarized,} effect only when there is no/agreement/between all partners or only ^{written} ^{notarized,} when there is no/agreement/between all owners undivided; Agreement on price in a written agreement, notarized, is required by all partners or by all owners undivided or Sec. 5.A.2. of this Act, SETTING THE PRICE, is in effect.

*F. SUBDIVISION OR DEVELOPMENT of the property for multiple sales, rather than one sale in its entirety, as in multiple sales of lots for homesites, rather than one sale of the entire parcel of land to be divided and/or developed for homesites after the sale by the buyer, is not covered in this Act and ^{can} only be permitted when all the owners undivided or all the partners agree to subdivide or develop the property, and agree to its cost and to share its cost, by a written, signed by all owners undivided or signed by all partners, notarized agreement to be furnished to the closing attorney later. RETURN TO PAGE 1.

**5. CONTINUES ON NEXT PAGE -

No. 4.

**5. (continued):

owners, of that property, owned undivided, do not want to sell
when the following conditions have been met:

1. NOTIFICATION:

- a. Any owner who wants to sell must notify all
other owners by first class mail at their last-
-most-current
known/address and save a proof of mailing receipt
from the Post Office for each Letter of Notification
mailed for each owner, to be given to the closing
attorney when possible.
- b. Notice Of Intent To Sell must be published in the
Legal Notices of the paid newspaper with the
largest circulation in the County where the Real
Estate is located at least 3 times within a 30 day
period, from the time of the printing of the first
Notice, spaced at least 5 days apart and including
at least one Sunday or Week-End Edition and at least
one Daily Edition published on Monday through Friday;
when the paid newspaper with the largest circulation
in the County where the Real Estate is located is a
Weekly newspaper, the Notice of Intent To Sell must
be published in the Legal Notices of that paper at
least 3 times, in three separate Editions, within a
6 week time period from the date of its first
publication; and copies of all/^{published} Notices Of Intent To
Sell MUST be given to the closing attorney.

2. SETTING THE PRICE:

- a. Any owner can obtain only a credentialled MAI Appraiser as little as once for each owner or as many as he wishes, and ^{each} Appraiser's Report and Price must be completed within 120 days from the third publication of the Notice Of Intent To Sell in the newspaper if it is to be used in determining the price; if any owner does not obtain a credentialled MAI Appraiser within the above stated time period, he has waived his right to do so.
- b. For the purpose of a new listing, when an existing listing is going to lapse and when there is a change in market conditions, the Price of the property will be changed by the same percentage, higher or lower, as reported in the most ^{or owners,} and current official statistics unless any owner provide a new Appraisal Report and Price from a credentialled MAI that gives a higher current market price to be used instead, Appraised before 5:00 P.M. on the last day any Realtor's listing is in force to, the Clerk of the County/^{Commission} the official person designated for this purpose by this Act.
- c. In all cases, the Price of the highest appraisal or the change in Price determined by using the most official statistics when there is a change in market conditions, whichever Price is higher, will be the selling Price unless all owners are in agreement on another Price.
- d. During the time period in which a Realtor's listing is in force, the price will not change unless all ^{and the Realtor} owners are in agreement and notarized signatures by all owners and the Realtor are provided to the Clerk of the County Commission as proof.

2. SETTING THE PRICE - (continued):

- e. This Act makes it possible for any owner to cause the sale of any Real Estate parcel in its entirety and to have the price set on this parcel as outlined in Sec. 5.A.2., above, without causing the sale of any other parcel described in the same deed when there is more than one parcel of property described in the same deed; if any owner wishes, he can cause the sale of all Real Estate parcels in their entirety, described in the same deed, when there is more than one parcel of property described in the same deed.
- f. In all cases, agreements signed and notarized by all owners of Real Estate owned undivided supersede anything in this Act, when provided to the Clerk of the County Commission.
- g. This Act is needed when no agreements can be made between all owners of Real Estate owned undivided and prohibits any requirement for any owner to appear in the State to sell the property.
- h. Any owner can buy the interest owned by another owner at the correct percentage of the ^{total} Price set, on any parcel, as outlined in Sec. 5.A.2., above.
- i. This Act does not prohibit any owner from accepting less than his percentage of the Price set on any parcel as outlined in Sec. 5.A.2., above, if he chooses to, and if it is disclosed to all other owners, so that the property can be sold; more than one owner can accept less than his percentage of the Price as outlined in this Sec. 5.A.2.1.

2. SETTING THE PRICE - (continued) ~~REDACTED~~ :

j. All or part of any property cannot be sold to etc.
 who is a relative by blood or by marriage including all offspring & their spouses & their offspring,
 another relative/who is or is not already an

owner, or to any owner already an owner, or to
 a business or corporation or a person or persons
 or any other entity not listed herein, known or
 unknown to be representing any owner in the
 present or future, at any price including at the
 highest appraisal price, unless all owners agree
 by their written and notarized signature in a
 written agreement. This protects all owners
 against a sale in a drastically falling market
 when the highest appraisal price would be
 unusually low and any owner prefers not to sell
 directly or indirectly, known or unknown, to any
 other owner or to any other buyer^{only} as specified in
 this Sec.5.A.2.j.above.

Penalty - The penalty for violating this Sec. 5.A.2.j.
 is triple damages due, calculated at the highest
 market value in the history of the property
 whether or not there was a credentialled KAI
 appraisal at that time, and payable immediately
 to each owner in his proportionate share of the
 total sum due, as specified herein, by the owner
 and violater initiating the sale to occur.

2. SETTING THE PRICE - (continued) ~~XXXXXXXXXX~~ :

K. Full disclosure must be given to all owners, before the property sells, as part of the disclosure of the sale price/ of any future earnings, directly or indirectly, stemming from the sale of the property and each owner must receive his proportionate share of the total earnings in addition to the sale price of the property, even when the property sells at the highest appraisal price. For example, an ownership in a business to be built or developed, on or at the property, after the sale of the property is completed must be disclosed and shared with all owners, in their proportionate share, unless any owner elects to withdraw and cancel his share in any additional ownership in any business and in any additional profits or losses, subsequent to the sale of the property, in a written and notarized statement with or without the agreement and consent of any other owner or owners; If a buyer offers the highest appraisal price and an ownership in a business is a condition of that offer, and if none of the owners want to share in that business, the offer can be refused and the property will not sell. Disclosure must be given ^{to all owners} for ^{that} ~~that~~ payment/will be received, for any work performed in the business by any of the owners for the work they do, in addition to each owner's proportionate share of any profits or ^{losses} ~~losses~~ due that owner for his percentage of ownership, in that business.

2. SETTING THE PRICE - (continued) ~~XXXXXXXXXX~~:

Certified Copies of Payment In Full - In all cases, the full purchase price and all business opportunities must be disclosed to all owners and certified copies of all checks and other vouchers for payment, for the sale of the property of all of the owners, must be given to all owners.

Penalty - The penalty for violating this Sec. 5.1.2.k., including any owner receiving any profits is that owner undisclosed to all other owners, owes triple ^{he} the amount/received to each owner, in each owner's proportionate share of the total sum due, which is due and payable immediately; If there is fraud, penalties, already in law, apply.

3. SELECTION OF REALTOR:

- a. When any owner wants to list the property with a Realtor in order to sell it, the property must be listed.
- b. The owner who wants to sell the property, or when there is more than one owner who wants to sell the property the owner who published the Notice of Intent To Sell in the newspaper first, is required to furnish the names of acceptable all owner's last-known-most-current address, Realtors to the other owners by first class mail to each with Post Office Proof of Mailing Receipt to be furnished to closing attorney, and/or by telephone in the following manner:
 - 2 Realtors will be furnished when there are 2- 4 owners of a property - the owners who did not furnish the names, pick the Realtor from the by an open vote; Realtor's names furnished /when there are 5 to 12 owners of a property, one acceptable Realtor's name is provided for every 4 owners and when there are more than 4 owners and less than 8 owners or more than 8 owners and less than 12 owners an additional Realtor's name will be furnished for the fraction above 4 owners or 8 owners so with 10 owners 3 Realtor's names are furnished - the owners who did not furnish the names, pick the Realtor to be used from the Realtor's names furnished by an open vote; when there are more than 12 owners, no more than 4 Realtor's in addition to Sec. 5.A.3.c. names will be furnished/- the owners who did not furnish the names, pick the Realtor to be used from the Realtor's names furnished by an open vote; when there is acceptable a tied vote, the owner who furnished the Realtor's names.

3. SELECTION OF REALTOR - (continued):

as specified in this Sec. 5.A.3.b., will vote to break the tie and the Realtor to be used will have been selected.

- c. Whenever a listing of a Realtor lapses, everything in this Sec. 5.A.3.a. and 5.A.3.b. as is repeated specified herein/and one of the Realtor's names in addition to what is specified in Sec. 5.A.3.b., furnished/~~must~~ be the name of the Realtor most recently used; ^{other} ~~names~~ furnished could include any Realtor's name previously used before the most recent Realtor used.
- d. When a Real Estate Agent is not a Realtor, but works in a Real Estate office for a Realtor, replace the word Realtor in the Sec. 5.A.3.b. with the word Agent.
- e. More than one Real Estate Agent, working for the same Realtor, can be furnished as a separate and independent name when a minimum of at least ^{are} 2 separate Realtors/Real Estate firms / employers of these Agents.
- f. Any Realtor or Agent, whose name is furnished, must already have agreed to accept and work on the listing to sell the property before that name is furnished to all the owners but, if for any reason that Realtor or Agent changes his or her mind after being selected by an open vote, the Realtor or Agent receiving the second highest number of votes, in that open vote, is the one selected to list the property For Sale; other names are not added to the original list of

3. SELECTION OF REALTOR - (continued):

names furnished, by the only owner who has been furnishing the names, unless all partners or all owners undivided agree by written notarized agreement to be furnished to the closing attorney later.

- g. Once the open vote to select a Realtor or Agent has taken place, those owners undivided or partners who did not vote, after being notified as specified in Sec. 5.A.3.b., have waived their right to vote.

4. REQUIREMENT OF SIGNATURES:

- a. When signatures of each of all of the owners are required on necessary documents for the purpose of selling the property/~~for the completion of the sale of~~ of/the property like the Listing Contract, the Sales Contract, the Deed, etc., a minimum of at least one real owner,^{who is an owner} at the time the sale is initiated, must sign each document; the signatures of each of all of the owners is desirable but if any of the owners refuse to sign, or do not sign after one real owner has signed, the Clerk of the County Commission will sign each owner's name, who does not sign, and after signing that owner's name add: by his or her name. Clerk of the County Commission; this will then be a valid Listing Contract, a valid Sales Contract, a valid Deed, a valid necessary document for the purpose of selling the property/~~for the completion of~~ /the sale of the property when all the requirements in this Act have been shown to have been met to that Clerk of the County Commission or other person, instead designated by this Act, rather than the Clerk of the County Commission.

COMMENTS:

The Disposition of Property, as specified in the State Code before the passage of this Act, cannot be complied with because the State Code requires that an owner appear in the State/in the Court in the State; fighting owners, and their agents, have caused physical warfare, financial warfare and more against another owner creating concern for the safety of the individual, an owner, to appear in the State and thus this new Act is necessary.

Also, there are ^{almost} no buyers for an undivided share of a property because that new buyer does not want to be partners or an owner undivided with other owners when those owners, and their agents, cause physical warfare, financial warfare and terror against an owner; that buyer would not be able to do anything with his share undivided or his partnership so it would be a bad purchase - he would be buying into a lot of time wasted and trouble.

Further, with the large deficit in the Federal Government and the need for jobs and money in the State, and the State Budget, we can no longer allow Real Estate owners to be told, by omission, "We don't want your money!" - we can no longer allow Real Estate to produce less in revenue and jobs than it can while some Real Estate owners want to sell, want to pay taxes and want to create jobs: THESE REAL ESTATE OWNERS ARE CUSTOMERS OF GOVERNMENT WHO CAN AND WANT TO PAY TAXES! We can no longer abuse these often millionaire citizen-owners, often without other funds, who are being forced into living without their Real Estate assets as they are also told they must pay more taxes and thus do without, or do with less, food, home heat, gasoline, etc.

THIS NEW ACT IS THE SOLUTION!

6. NEW "SPECIAL NEEDS" TAX TO BE PAID TO THE STATE:

- A. NEW "SPECIAL NEEDS" TAX IS TO BE CREATED AND PAID TO THE STATE, in the County and the State in which the property is located and sold, ^{paid} by all the owners who were owners when the sale was initiated from the proceeds of the sale of the property that is sold as specified in this Act, in the total amount ^{due} of 1/2 of 1% of the sales price, paid to the Clerk of the County Commission in order to complete the sale of the property.
- B. This tax is to be used for "SPECIAL NEEDS" of other citizens and industry in that State; For example, the coal industry will be hurt by the new BTU TAX in its export business and will have to raise the price of coal to offset the tax it has to pay to the federal government - the higher price of coal will affect its export sales volume and export business; If, however, the coal industry could be helped/reimbursed by money from this "SPECIAL NEEDS" TAX in the same amount it loses in its payment of BTU TAX and thus not have to raise its coal prices, the coal industry with a NEW "SPECIAL NEED" in a State with a "SPECIAL NEEDS" TAX, would benefit - as this industry, in a State without a "SPECIAL NEEDS" TAX paid to the State, would not benefit and could not compete in its export coal ^{price and} business. Another example, would be to help individual citizens with their home heating bills in that State that has this "SPECIAL NEEDS" TAX; Without the financial help for home heating bills, the citizens could be freezing, and thus get sick, and thus need to go to the doctor, and thus drive up the cost of medical care, the opposite of what the new federal taxes and new federal plans are supposed to do. THE NEW "SPECIAL NEEDS" TAX TO BE PAID TO THE STATE, WOULD GIVE THE STATE ITS OWN FINANCIAL HELP IT IS NEEDLESSLY DOING WITHOUT.

C. THE STATE IS ALSO NEEDLESSLY DOING WITHOUT TAXES THAT COULD
BE OWED TO THE STATE AFTER TAXES ARE PAID TO THE FEDERAL
GOVERNMENT FROM THE SALE OF THE PROPERTY, FROM THE INCOME OF
THE CASE INVESTED, AND FROM THE INCOME OF THE ^{NEW} JOBS CREATED.

7. PENALTIES:

- WILL FOLLOW WHEN WRITTEN -

A.

B. In order to enforce any violations, any owner may use closed circuit television to the Court, rather than a personal appearance, so that a Court appearance by any owner may never/^{be}required as specified in this Act; Also, any owner may call another owner and/or the Clerk of the County Commission and accurate information/^{requested}must be given to that owner, calling by telephone, on the telephone.

8. That an emergency exists and this Act is in force from its passage.

OTHER ITEMS OF IMPORTANCE, NOT TO BE INCLUDED AS PART OF ACT, WILL FOLLOW WHEN WRITTEN - BUT PLEASE ADVISE IF YOU NEED TO RECEIVE THEM BY A CERTAIN DATE:

HOW AND WHAT TAXES WILL BE GENERATED TO LOWER THE DEFICIT AND TO PAY FOR NECESSARY SPENDING, RATHER THAN CUTTING NECESSARY SPENDING;

JOBS THAT WILL BE CREATED:

BENEFITS TO DEPARTMENTS OF TREASURY, JUSTICE, HHS, AGRICULTURE, TRANSPORTATION, ETC. AND BENEFITS TO THE CITIZENS;

HOW THIS ACT WILL HELP THE STOCK MARKET AND WHY WALL ST. WILL WANT IT;

HOW THIS ACT WILL ENABLE INTENT TO BE CARRIED OUT;

HOW THIS ACT WILL STOP SERIOUS ABUSE AGAINST CITIZEN-OWNERS AND OTHER CITIZENS;

WHY THIS ACT WILL BE WANTED BY BUSINESS, REALTORS, THE CONSTRUCTION AND BUILDING TRADES AND OTHERS;

THIS ACT WILL GENERATE NEW PLACES AND NEW CUSTOMERS FOR NEEDED REVENUE.

ALTERNATIVE COURT APPEARANCE ACT

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P. O. Box 1032
Washington, DC 20013

ALTERNATIVE COURT APPEARANCE ACT

BILL NO.

Be it enacted by the Legislature of West Virginia:

1. That the Code of West Virginia is amended by adding the

ALTERNATIVE COURT APPEARANCE ACT as follows:

A. Closed Circuit Television to any Court in West Virginia is allowed for any individual or individuals, including residents and non-residents, who have a concern for their safety when safety of the individual is a concern; we can no longer deny attendance to a trial because an individual or individuals who have a need to appear in any West Virginia Court, including the West Virginia Supreme Court, cannot do so because of any threat/^{of harm} or appearance of threat/^{of harm} directly or indirectly, covert or overt, to their safety, in their judgment, were they to attend.

B. If funding is an issue, telephone access to the Court is permissible rather than/^{personal} appearance or the use of Closed Circuit Television to the Court, when safety of the individual is of concern.

C. Penalty__If any individual or individuals are denied the use of Closed Circuit Television or the use of telephone to the Court as specified in subsection A or subsection B, that lawsuit shall result in that individual or individuals winning the lawsuit, at that time, because all citizens must have the right to be heard in a trial they can safely attend, somehow, and this penalty will insure this right to all individuals.

2. That an emergency exists and this Act is in force from its passage.

CIVILIAN ENTRAPMENT FALSE COURT FILING ACT

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P. O. Box 1032
Washington, DC 20013

CIVILIAN ENTRAPMENT FALSE COURT FILING ACT

BILL NO.

Be it enacted by the Legislature of West Virginia:

1. That the Code of West Virginia is amended by adding the CIVILIAN ENTRAPMENT FALSE COURT FILING ACT as follows:

A. When a citizen or citizens are entrapped by another citizen or citizens or a lawyer or lawyers or all of the above, and then sued by that citizen or citizens or a lawyer or lawyers or all of the above who created or caused or took part in any way in that entrapment, those plaintiff citizens and their lawyer or lawyers, or the ^{plaintiff} ~~citizen-lawyer~~ if a lawyer is the citizen who took part in any way in that entrapment and is representing himself as his own lawyer, shall each be guilty of a felony for a FALSE COURT FILING RESULTING FROM THAT ENTRAPMENT OF A CITIZEN OR CITIZENS.

B. Penalty—Upon the filing of the lawsuit, that is a FALSE COURT FILING RESULTING FROM THAT ENTRAPMENT OF A CITIZEN OR CITIZENS, the Criminal Court shall promptly be called upon for the sentencing of a felony on all parties involved in the CIVILIAN ENTRAPMENT FALSE COURT FILING.

2. That an emergency exists and this Act is in force from its passage.

**TESTIMONY OF CORNELIA D. GIBBONS
SOUTH CAROLINA DIVISION FOR REVIEW OF FOSTER CARE OF CHILDREN**

COMMENTS ON "427 REVIEWS" AND BLOCK GRANTS

The South Carolina Children's Foster Care Review Board System (FCRB), was created in 1974 to prevent children from remaining in foster care longer than necessary. South Carolina was the first state to enact legislation to implement foster care review on a statewide basis. In 1977, the FCRB was established as a separate state agency. On July 1, 1993, as a result of Restructuring, the Foster Care Review Board became the Governor's Office, Division for Review of Foster Care of Children. Currently, the FCRB is a Division of the Governor's Office and continues to exercise its statewide legislative mandate to review all children placed in public foster care.

In 1980, Congress passed Public Law 96-272. The Foster Care Review Board System has served as the third party review system required under P.L. 96-272 since 1980. Consequently, the FCRB has been involved with each "427 review" conducted South Carolina.

A recent audit of the Division for Review of Foster Care conducted by the South Carolina Legislative Audit Council found that the conditions that prompted the creation of the foster care review system in 1974 still exist. The implication is that a system of citizen review used to determine compliance with the child protections established under P.L. 96-272 are still necessary. The audit further indicates that the effectiveness of the citizen review process would be enhanced if the system had the authority to enforce its recommendations. In South Carolina, the solution to enforcement rests with the creation of a cabinet form of government. The review system is able, through the Office of the Governor, to have a tremendous impact on the delivery of services to children in foster care.

The Division for Review of Foster Care of Children endorses block granting federal child welfare services and foster care programs back to the states and believes that block grants will strengthen the states ability to deliver these important services to children. The intent and the clout of the "427 reviews" should be transferred to the states in order to provide accountability on a state and local level for the expenditure of these funds and provision of child protections. This accountability should include monitoring of the quality of the services delivered to each child and family with the end goal of finding the permanent home for each child in a timely manner. The Division recommends that the intent and clout of the "427 reviews" be maintained and transferred to state citizen review systems. Volunteer citizen review systems provide cost effective, objective monitoring and clearly make government accountable to citizens at the local level.

Among the child protections which should be monitored for each child are:

1. a description of the type of home or institution in which the child is to be placed;
2. the discussion of the appropriateness of the placement;
3. a plan to achieve placement in the least restrictive, most family like setting;
4. a plan for placement in close proximity to the parents home consistent with the best interest and special needs of the child;
5. a statement of how the responsible agency plans to carry out the placement;
6. a plan for ensuring that the child will receive proper care; and,
7. a plan for providing services to parents, child, and foster parents to improve conditions in the parents home, and facilitate return of the child to the home;
8. a plan for placing the child in another permanent home within 12 months if the parents home cannot be made safe.

The focus of all the safeguards should be to ensure that all children are safe, protected and have families.

THE SSI COALITION

FOR THE RECORD

HOUSE WAYS & MEANS SUBCOMMITTEE ON HUMAN RESOURCES
FRIDAY, JANUARY 27, 1995

WRITTEN TESTIMONY OF

Barbara A. Otto
National Coalition Coordinator
The SSI Coalition

The SSI Coalition, a national Chicago-based grassroots coalition advocating for rights and respect for recipients of Supplemental Security Income (SSI), urges Congress to maintain the current structure of cash benefits for the children's SSI program. Each year the SSI Coalition receives thousands of calls from parents of children with severe disabilities. These calls range from complaints about difficulties with the application process for SSI benefits, to requests for assistance with provider referrals or legal referrals. Most recently these calls have taken a more political tone: as debate in Congress heats up around entitlement programs, more and more parents worry about the fate of their children and the SSI program as a whole.

The SSI children's program was established to help low-income families with disabled children stay together. The extra expenses incurred when caring for a child with a severe disability often wipes out a family budget, knocking families out of the economic mainstream and making them eligible for SSI benefits. Nearly 850,000 children receive SSI benefits: children with mental retardation make up the largest segment -- 44%; 34% have physical disabilities; and 22% have psychotic and neurotic disorders.

Kimberly and John Harmon present a typical example of a family's economic challenge to care for children with severe disabilities. Their five year old son Cy has multiple disabilities, among other impairments he is mentally retarded and wheelchair bound. The Harmons are a two parent working family dedicated to the responsibility of raising a child with severe disabilities. Their goal is to provide Cy with the care he needs so he can become a productive member of society.

Raising Cy at home poses very real economic challenges for the Harmons. Nearly all of Mrs. Harmon's wages as an executive assistant go towards the additional expenses of caring for Cy -- home modifications like a handicap accessible bathroom; adaptable toys; adaptive clothing; transportation costs; and specially trained child care providers. Like most parents that work and care for their disabled child at home, Mrs. Harmon is underemployed due to the time and energy requirements of raising a child like Cy.

Current proposals to eliminate the cash payments for low-income families on SSI would drastically affect families like the Harmons. Families use cash payments to cover expenses such as medications and physician visits to regulate medications, children's wheelchairs and family counseling -- all medical related costs not covered by either private or public health insurance. Some use the benefits to offset their loss of income because a parent must remain unemployed or, as in the case of the Mrs. Harmon, under-employed to care for a child with disabilities.

The loss of cash benefits would inevitably increase the number of children on state and local public assistance rolls. The Harmons, for example, could be forced to surrender custody of Cy if their financial ability to properly care for him were to decline. For families on the economic edge, the flexibility of cash payments helps them juggle their family budgets just enough to keep their heads above water. Often it can mean the difference between deciding whether to pay the rent or buy groceries.

Proposed voucher systems can not meet these day to day needs. Existing voucher programs lack provisions ensuring that suppliers of services will accept this form of government payment. Medicaid, for example, is plagued by too few medical providers willing to accept voucher payments.

In addition, many families with children on SSI do not qualify for other federal assistance programs like food stamps or Aid For Families with Dependent Children (AFDC). Even if they were to qualify, these federal programs alone do not meet the special needs of these children and frankly, at a time when all entitlement programs are under review, it is irresponsible to propose such an expansion of programs like AFDC.

The bottom line in this debate must be what is best for families like the Harmons. While drastic cuts in programs like SSI may be politically convenient for Washington, D.C., the net effect is anti-family and negative for the nation as a whole. The loss of the federal benefits that parents now spend on behalf of their children will make the increase in costs to state and local governments inevitable. A worst case scenario sees foster care and institutionalization becoming the norm as more and more families will lack the financial resources to properly care for their children at home. Congress should not try to cure problems in the existing program by throwing the baby out with the bathwater. We believe any abuses within the program could be cured by a better monitoring system within SSA.

The Harmons, like most parents, want the best for their child. They feel Cy can reach his full potential if he's given the environment and services he needs. Their goal is for Cy to become completely self-sufficient. This is why the Supplemental Security Income was created. Any changes in this very critical program must consider families like the Harmons.

For more information please contact Barbara Otto, Coalition Coordinator, The SSI Coalition (312) 427-4830 ext. 227.

TESTIMONY
ON
CHANGING ELIGIBILITY FOR SSI
HOUSE OF REPRESENTATIVES
COMMITTEE ON WAYS AND MEANS

I am the project director for a SSI Outreach Project funded by the Social Security Administration and located at the University of Maryland Medical System in Baltimore, Maryland. This project began in 1/93 and is designed to conduct outreach to individuals who have serious and chronic psychiatric illness. (Schizophrenia, bipolar disorder, and major depression comprise most of the diagnoses).

Last year, the project focused on those individuals who were also homeless. This year, the project was not restricted to individuals who are homeless but remains designed to serve those with chronic and severe mental illness. The project is authorized to recommend the payment of presumptive benefits to individuals who are found to be disabled based on an extensive review of history and a clinical evaluation. We then submit comprehensive medical evidence to DDS for a final determination. For those whom we determine are not eligible for presumptive benefits, applications are submitted through the routine process.

Besides the obtaining of benefits, project staff assist individuals with obtaining housing including supervised housing when needed, psychiatric and medical treatment, case management services, and other appropriate services.

Although the project is funded by Social Security, we estimate that we also save money as cases that are submitted are well documented and take much less time to process than do the usual claims based on psychiatric impairment. In addition, project staff complete the applications and obtain any necessary documentation for non-medical criteria. This, too, saves the SSA in staff time and costs.

From 1/93-6/94, this project screened 137 for SSI benefits. Applications were completed for 81 individuals. Fifty-four were awarded presumptive benefits, and 27 applications were submitted through the routine process. All 54 individuals were found eligible for ongoing SSI benefits; 70% of those found not eligible for presumptive benefits were denied SSI.

Through our work, we have learned that simply cutting off SSI to certain groups of individuals will likely only lead to increased homelessness, more crime and increased social problems, not less. Caps on spending and the elimination of SSI as an entitlement would greatly harm those who are the most vulnerable and the poorest in our society, those with serious mental and physical disabilities. A few cases illustrate how SSI has significantly improved the lives of these individuals:

(1) A 26-year-old man was admitted to the inpatient unit of University Hospital with a diagnosis of schizophrenia. He had been living with his mother and another brother, who is a few years older and who also has schizophrenia, in a house in a very poor section of west Baltimore. He had virtually not left the house for three years and spent his day sitting on his bed, hallucinating and delusional, reading the bible. He was a bright young man who had begun college but was unable to finish because of his illness. He had a very gentle way about him. Neither brother received any treatment. Their mother was the sole support of the family through her factory earnings.

In late December, 1992, the mother was laid off. In February, 1993, she suffered an aneurysm and lay on the floor of the living room for two days. The brothers, being psychotic and unable to think clearly, thought she was dead and called a cab. They did not think to alert the paramedics at the fire house a short distance away. The cab did not come. After two days, a relative stopped by, felt that the mother had a pulse, and called the paramedics. The mother was taken to Shock Trauma where she remained in a coma for about 3 months.

As the brothers had no income and had no idea what to do, the rent was unpaid. They soon lost heat, hot water, and electricity. It was the winter and very cold. The older brother accidentally set a fire in the house. When the fire department arrived, the younger brother refused to leave the house, denying that there was a fire. He was taken to the hospital and was admitted psychiatrically. Upon admission, he was so dirty that the staff believed he had a skin disease. It was simply crusted dirt and scaly skin. He did not know how to shower and had to be shown over and over. The house was damaged from the fire and was boarded up. The older brother pried the boards and continued to live there.

We first met the younger brother while he was in the hospital. We quickly realized his older brother needed help, too, and, along with case management staff, made a home visit. At first the older brother would not talk with or respond to us. Gradually, as we persisted, he finally came in to the office. We had him evaluated by a psychiatrist and obtained SSI benefits for both him and his younger brother. We referred them to a mobile treatment unit (MTU) that does outreach and treatment. Home visits were made by MTU. They began to look for alternate housing, as the brothers were still living in the boarded up, later condemned, building. The mother came out of her coma and was admitted to a rehabilitation facility. She gradually began to be able to walk and eat. It was clear she would not be able to return to work. Family members in another county were located and contacted and became involved in the situation.

Finally, an apartment for the brothers and mother was located near their family members, and the brothers continued treatment in this other county. The younger brother began to attend a psychosocial day program where he could begin to receive prevocational training. Without intervention and the support of SSI, these brothers were at high risk for grave harm, possibly death, as they clearly could not manage on their own.

For these brothers, their untreated schizophrenia meant that their thinking was extremely disordered, and they were unable to be realistic in meeting their basic needs. Coordinated efforts

and financial support allowed them to become less psychotic, more organized, and make some plan for making use of the potential they have.

(2) A 32-year-old, single man had literally lived on the streets of Baltimore for 5 years. He slept on a park bench, kept his few belongings there, and ate out of trash cans. He spent much of his day talking on a broken phone, to no one. He was afraid to leave his area and would not go to a shelter or soup kitchen. He was referred to our program from the DSS homeless outreach team.

When we went to meet him at his bench, in August, he was wearing layers of heavy clothes (a diagnostic sign of psychosis). He was so infested with bugs that there were egg casings on his eyelids. His fingernails were coming loose from the bug infestation underneath. As we completed the paperwork with him, the bugs jumped off of him onto our papers. The psychiatrist later went with us to see him and diagnosed this man as having schizophrenia. He was soon admitted to the hospital and diagnosed as having pneumonia and AIDS. He was extremely weak, depressed, psychotic, and was not walking. The DSS homeless outreach team located a hospice for him, and he was placed there.

Using his SSI, we bought him clothes and other necessities and provided for medical care with his medical assistance. He died in December, 1993, less than 4 months after we met him. At least, he did not die on a park bench, unknown and uncared for. This would have been likely had we not been able to obtain SSI benefits and treatment. He had no one in his life but us.

Many of the homeless individuals that we served last year not only had diagnoses of serious psychiatric illness but also had diagnoses of substance abuse. Roughly 84% of our project's cases last year had these dual diagnoses of severe mental illness and drug or alcohol abuse. Our work focused not only on obtaining psychiatric treatment for them but also substance abuse treatment. This is especially difficult as such treatment (e.g., 30-day inpatient programs), other than outpatient based treatment, is extremely difficult to obtain for individuals who are financially poor. This, of course, includes individuals who receive SSI.

Through the efforts of project staff, working closely with other programs, we were able to assist individuals with reducing or eliminating their substance use. In addition, our project served as representative payee and managed funds for these individuals.

Combining the provision of SSI with obtaining services and treatment can be a very effective strategy. Two cases are illustrative:

(1) A 35-year-old man, homeless for several months, had been hospitalized psychiatrically thirteen times. He was hospitalized seven times from June, 1993-January, 1994 for major depression and substance abuse after the death of his 3-year-old son, who died of leukemia in June, 1993. Often, he would be discharged from one hospital one day only to enter another that same day, complaining of suicidal thoughts. He never followed up consistently with outpatient treatment and continued to drink heavily. He had been incarcerated three times for minor crimes.

He was referred to our project during one of his hospitalizations. We placed him in psychiatric crisis housing after his discharge and ensured that he kept his outpatient clinic appointment. He began to attend AA and gradually became very involved in this program. We served as his representative payee.

At first, he was impulsive, did not follow up with treatment, would demand money frequently, and made many plans that he did not follow. Gradually, this lessened. We formulated budgets with him and insisted that he follow them. He found a place to live. We paid the rent directly as well as his other bills.

After a year of working with him, he now attends outpatient treatment regularly, is in a psychosocial day program in which he is receiving vocational training (including learning how to use a computer which he enjoys very much), and he has been sober for over 9 months. Soon, he will take his GED test and will begin a part-time job working in the kitchen of the psychosocial program that he attends. He continues to live in his own place.

(2) Another man, age 42, had been homeless for 4 years and had been a heavy alcohol and cocaine user. He, too, had been frequently hospitalized (10 times in 12 years) for major depression and substance use and had never attended outpatient treatment on a regular basis. When we met him in the VA hospital in October, 1993, he was hopeless, was so depressed that one could feel it in the room, and trusted no one. Very gradually, we began to work with him. He, too, was placed in psychiatric crisis housing. We invited him to begin to attend, for short periods of time at first, our psychosocial program. He began attending outpatient treatment and received medication and therapy for his depression. We also served as representative payee for him.

Gradually, he began attending the psychosocial program on a regular basis. After several months, he began to work a few hours a week for a friend's restaurant. We helped him find a room to rent. Recently, he obtained a public housing apartment so that he now has his own bathroom and kitchen. Except for a single lapse, this man has remained sober now for over 11 months. He has no hospitalizations. After his lapse, he realized he may need more effort in terms of substance abuse treatment and has set this up.

These cases illustrate that a coordinated effort of financial benefits, treatment, responsibly using the representative payee system, and persistent interest and involvement by appropriate clinical staff in an individual's progress and provision of services can help individuals make significant changes in their lives. These changes not only provide definite enhanced quality of life to the persons but also save public dollars in the extremely costly areas of hospitalization and incarceration. In addition, well-spent dollars lead to individuals' being able to lead more productive lives and, often, to work.

Much media and political attention has been paid lately to substance abusers' receiving SSI. Those receiving SSI because of substance addiction alone are only a fraction of the total population receiving SSI, between 1% and 2%. As we have attested, individuals with substance

abuse problems can make gains if they receive appropriate and intensive treatment. Surely, a more reasonable and effective approach to the problem of substance abusers is to provide responsible representative payee programs, accessible inpatient and outpatient treatment, and collaboration with clinical programs to ensure that treatment recommendations are followed.

If the Congress is concerned about SSI being used by individuals for drugs and alcohol, it would make sense to form partnerships with treatment programs that would also serve as representative payees for SSI recipients. While it is a more difficult task, it is more responsible and makes more sense to fine-tune the program rather than to eliminate whole categories of people or put caps on spending.

Reviewing and changing the representative payee requirements, funding substance abuse treatment programs, forming collaborative efforts with treatment providers to be representative payees, forming partnerships with clinicians to assess individuals and to have greater input into the process will serve all of us better. Quick solutions, such as funding caps, are short-sighted, harmful and, over time, would cost in other ways such as increased crime, increased homelessness, institutionalization, and the loss and destruction of individuals who, with appropriate help, could contribute productively to our society.

Submitted by:

A handwritten signature in dark ink, appearing to read "Yvonne M. Perret LCSW-C". The signature is fluid and cursive, with the last name "Perret" being more prominent.

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CRIME AND THE HOUSING PROJECTS
 By Bryce A. Suderow, Editor "Street Stories"

According to tenants who I've interviewed, the crack addiction rate in the housing projects on Capitol Hill ranges from 50%-75% and over 90% of people in the projects are addicted to either crack, heroin, alcohol or prescription drugs. Subhuman conditions in Washington D.C.'s housing projects have produced this need for escape. I've visited many of these projects and found sewage pipes so inadequate that they backed up regularly and spewed human feces into the apartments of tenants. I've seen electrical wiring so old and frayed that wall sockets burst into flame. I've seen bathrooms where tenants were afraid to use the toilet because their bathroom ceiling was caving in and they were afraid of injury from falling plaster. These conditions are typical, whatever the Department of Public and Assisted Housing admits.

The need for crack has produced a crack economy in the District's housing projects. This shadow economy mirrors the economy outside public housing, only all the economic activities are illegal. In the external world, legitimate business firms seek employees and groom them for executive positions; in the housing projects, drug dealers are on the lookout for enterprising black males who want to work hard. Dealing provides jobs for perhaps 75% of black male teenagers and twenty-something. From the young ten year old to the ancient thirty year old, they're all looking for an opportunity to move up the business ladder another rung.

In the world outside the projects, bankers lend money to solid citizens; in the housing projects, well-to-do tenants lend money to desperate mothers at 100% interest. Other tenants buy food stamps from food stamp recipients at two for a dollar and then sell them at their face value.

In the outside world, a small-time business person buys a truck and landscaping equipment to do yard work. Or he/she purchases a computer to do free-lance word processing. In the projects, enterprising welfare mothers have one invaluable resource, their apartments. They rent out their rooms to the crack users who visit the projects from Maryland, Virginia and other parts of the District to buy crack. The crack smokers rent the apartment for as long as they have money, then they've got to leave because there's someone else waiting to take their place. The mothers also act as go-betweens for the crack smoker and the dealer and steal as much as a third of the crack for their own use. They even procure crack-addicted women to the smokers who want to mix crack and sex.

The mothers also rent their apartments to crack dealers, 80% of whom live outside the project where they do business. The dealers need those apartments to cut up the crack into smaller quantities, to cook the crack, to sell crack from, or to hide in case the police come looking for them.

When all else fails, a crack-addicted mom can sell her body. She makes it known that she's willing to sleep with the drug dealers or the crack smokers in exchange for a little crack. Some of the most desperate women trick on the street outside the projects, but they are only a handful. Among these pathetic women, the going rate for a few minutes of sex ranges from as low as \$5 to as much as \$20.

Crack has produced a bartering system in which the new drug selling entrepreneurs make the rules because they are the nouveau riche of the ghetto. Project tenants barter their TVs, VCRs, and CD systems to the drug dealers in exchange for crack; street people steal from stores surrounding the projects and bring the drug dealers Blockbuster videos, CD records, or designer athletic outfits. Among the dealers, the going rate for a VCR or color TV is a few dimes of crack, a paltry fraction of their real worth.

The primacy of crack has caused the complete breakdown of the black family in the inner-city. The kids are raising themselves. They know that their own mothers don't care whether they live or die and they grow up full of rage but bereft of all human feelings or any sense of the value of human life. They hate themselves and everyone around them and they don't care whether they live or die -or whether we live or die.

The rage of these children has completely destroyed the social structure in public housing. Complete anarchy reigns and everyone fears everyone else. Parents fear their own kids. Adults are afraid of children. Outside the projects, the kids have taken their rage onto the streets of Washington, D.C. and are currently killing each other at the rate of 450 per year. Nationally, black homicides now average 11,000 a year. In the past eight years, nearly 78,000 black people have been killed. By comparison, the eleven year Vietnam War produced 4,000 black combat deaths in the U.S. Army.

The violent behavior of the children from the projects now threatens the safety of all of us. Kids with guns share the subways and buses with us, they mingle with us in shopping centers and shopping malls, they attend classes with our children, and they walk alongside us on the streets of Washington, D.C.

In this article, I shall examine the crack economy of the projects, the impact

it has on the children growing up in public housing, the violence these children commit outside the projects, the black community's response to the violence, and some solutions to the violence that has claimed our cities.

The Economy of the Housing Projects

What you have in the projects are single mothers, most of them crack addicts, trying to raise four or five children. Generally, the children do not have one father, but are the issue of two or three fathers and the fathers play no part in their children's lives - they're either in prison or hustling on a street corner. Because the mothers are on welfare and they have children, they're entitled to a monthly AFDC check and food stamps.

As soon as the monthly welfare check arrives on the first of the month, it's gone, usually in two or three days. It certainly isn't going to be spent on its intended purpose, clothing and other necessities of life for the children. It's spent on crack cocaine. Then the food stamps arrive. They're supposed to feed the children, but the same thing happens to them and they're gone in two days. They're converted into cash and the money is spent on crack.

Now the single mother has a problem. No, it's not that she has four or five kids and there's no money coming in to feed and clothe them. That's furthest from her mind. She's thinking there are 25 more days in the month before the next check arrives and she is wondering where she can get more money to buy crack.

To keep the supply of crack coming in, mothers in the housing projects resort to a variety of ways of earning money. The most common method is renting out their apartments to crack dealers and crack users.

You've got people coming to the housing projects to buy crack. They're from the wealthier parts of the District, from Maryland and Virginia. The mother knows she has an apartment. They need a safe place to smoke crack, so she provides this, for a price. As long as the crack-smokers pay money, they can rent a room for a night or even for as long as two or three days if necessary. Essentially, she turns her apartment into an opium den. Once the money is gone, she boots the smokers out, because there is always someone else waiting to take their place.

These people come with \$600, \$800, \$1,000 in cash to buy crack. They're not terribly thrilled about buying the crack directly from the crack dealer. After all, you're talking about dealing with twenty year old sociopaths who will rob you or kill you on a mere whim. So, the crack-addicted mom provides another service for crack smokers: She acts as a go-between for the smoker and the drug dealer.

Now the mother plays what is known as the crack game. If the person buying crack gives the mother \$100 to buy crack, she brings back \$40 or \$50 worth and tells him, "Here's your \$100 worth of crack." What's the smoker going to say? He may realize he is getting short changed, but he doesn't want to jeopardize the arrangement. After all, he has a safe place to smoke and he has someone who will buy his crack. Besides, he's so desperate for crack, he just doesn't care about being cheated just a little bit.

I've met tenants of housing projects who make as much as \$200 or \$300 in a weekend by playing the crack game.

Crack smokers usually want to mix crack and sex. To provide this service, the mother becomes a pimp. She finds a crack addict willing to have sex for a price (called in ghetto talk a "crack whore.") Sometimes, the smoker shares his crack with the woman he is having sex with. Sometimes he pays her in cash. The tenant gets \$10 or \$20 for renting the room for twenty minutes. The crack whore gets \$10 or \$20 for sex.

Another way the mothers in the projects keep the crack rolling in is by becoming allies of drug dealers. Roughly 80% of the drug dealers selling in a housing projects don't live in that project. They come from other housing projects and this means they probably don't have friends who will help them out at their place of business.

In most cases they arrive in the evening and stay until dawn. They need the people who live at the project to do things for them. For example, they come with their crack in large amounts so they need a place to cut up the crack into dime bags and other measures of crack. They may even need someone to cook their crack or mix it with other ingredients to stretch it out further. A single mother in need of more crack uses her apartment to do all these things and gets a portion of the crack in exchange. For helping cut up the crack, she'll get maybe \$10 worth per night. The other services pay more.

If crack dealers need an apartment to sell crack out of, the mother will let them sell crack out of her own apartment. If the drug dealers need a place to hide their weapons and drugs or to hide from the police, the mother will provide these services in exchange for crack.

When the crack dealers become hungry, they're reluctant to leave their posts in

front of the projects. After all, time is money. When they need food, a crack-addicted mother cooks their food or goes to the store to buy their food. My friend Vanessa Adams turned her kitchen into a fast food joint for the crack dealers in Potomac Gardens and made \$120 a night, all of which she spent on crack. Crack dealers need a place to rest or sleep for a few minutes, a place to use the bathroom. All of these services are available for a price in crack.

When all else fails, a single mother sells her body for crack. In most cases, she makes it known to other tenants and crack dealers that she is willing to have sex in exchange for drugs or money, but only within the confines of the housing project. However, a few women from the projects become so desperate that they venture out of the projects onto the street. Some of them bring their customers back to their homes and after a time, they have enough customers who visit them that they don't have to trick on the street. Other women prefer to operate outside the home because they don't want their children to know what they're doing. They have sex in cars, in alleys, on school playgrounds. You'll find them on 8th Street Southeast or Pennsylvania Avenue between 10th and 13th Street in search of customers who want sex. The going rate for a blow job or sex doggy-style varies from \$5 to \$20. It all depends how extreme the crack whore's need is.

There are people who make money indirectly because of crack selling and buying. Desperate tenants in the housing projects often need to borrow money to buy crack or to purchase the clothes and food they neglected to buy with their check or food stamps. An entire class of loan sharks has sprung up in the projects. In Potomac Gardens, for instance, tenants tell me that an ANC commissioner and member of the Potomac Gardens Residence Council lends money and charges 100% interest. She'll take you to the bank so that you can pay her on check day.

Sometimes the drug dealers give crack on credit, called "ticks" in ghetto parlance. They'll distribute "free" crack a day or two before your welfare check is due. They too demand 100% interest and if you don't pay, you die.

There's a flourishing industry that converts food stamps into cash. Tenants need to convert their food stamps to cash and certain individuals buy food stamps at the rate of \$2 worth of food stamps for a dollar in cash.

A bartering system has sprung up in public housing because of the crack trade. At night, the projects turn into flea markets. I've known women who peddle their furniture, TV sets and other belongings to other residents, to passers-by on the street and to the drug dealers. My friend Vanessa Adams stole her own children's video games and sold them to dealers for a fraction of their value. Fairly well-to-do customers will sell their rings and rent their cars to crack dealers in exchange for crack. Street People steal and sell to the dealers VCRs, color TVs, telephones, watches, earrings, Cds, Blockbuster video tapes, tennis shoes, and designer athletic outfits.

The crack industry has proven a boon to the security guards and maintenance workers who service the projects. Most of the security guards in the projects are on the payroll of the drug dealers. The dealers pay them off to let them into the buildings. One of my sources told me he saw a black teenager hand a security guard at Arthur Capper a huge wad of money and a few days later, the guard showed up at work driving an expensive new car that he could never have afforded on his paltry salary. At Arthur Capper, too, a maintenance worker arranged the lock on a utility room so that the room appeared locked; actually, it could be opened by women who brought dates in there to trick. They paid the maintenance worker for this service.

The crack trade is the major employer of black ghetto males in their teens and twenties. Probably 75% of them work in this lucrative industry. Given their D.C. school education, that's about all they're suited for since most of them can't read or write beyond a fifth or sixth grade level, especially if they attended a ghetto school. Drug dealing becomes a way these kids can get power, status and respect in a community where no one cares whether they live or die. Even their own mothers don't care if they live or die because they're too busy smoking crack.

A friend estimates that in Building 501 of the Arthur Capper housing project, 300 of the 500 inhabitants were caught up in either smoking crack, selling crack or making money off crack in other ways.

Effects Of Crack Addiction on the Housing Projects

The housing projects are hellholes where violence always lurks just below the surface. Drug dealers beat, stab and shoot other drug dealers. They similarly punish drug users who bad-mouth the quality of their crack or fail to pay for their drugs on time. There is a lot of domestic violence in the projects. Men beat up women and children. Women abuse children. Children beat up and rape other children. Children torture and kill animals.

Most of the crimes in the projects never get reported, either because the victims are afraid to inform the police or because they correctly perceive that the police have very little interest in catching the criminals. Even when a victim

summons the MPD, the police often do not respond to the call at all. When they do, they generally wait about twenty minutes to give the criminals plenty of time to get away. When they arrive, they often don't even fill out reports of the violent incidents. This is what the projects are like.

The immediate impression you have when you enter most housing projects is that of utter chaos: The noise level is tremendous. The halls and stairwells are filled with playing children. Inside many apartments, there are 15 or 20 inhabitants, but it's hard to tell who lives there because cause there are folks coming and going all the time. In one place, the family consisted of a 40 year old grandmother, her sister, her sister's son, their two boyfriends, the grandmother's four or five daughters and their boyfriends and, finally, numerous grandchildren.

There are other apartments where a mother who is getting food stamps for her four or five children, but - although there are a lot of men and women coming and going - there are no children in the place. They're being raised by a grandmother or aunt, yet the mother gets the food stamps and the welfare check and spends them on crack.

The effects of crack addiction are devastating in the projects. The most unoffending and innocent victims are the children of the crack-addicted mothers. These little children aren't being fed, clothed or given any affection. You can see the immediate impact of these deprivations when you're there.

The crack-addicted mothers spend their time tricking and otherwise earning money to buy crack. Their children are entirely neglected and grow up dirty, ragged and starving. I vividly recall visiting a friend at 501 Arthur Capper on a Friday evening around supper time. Her daughter had spent all her money for crack and the daughter and her little boy were eating hot dog buns for dinner and these had been borrowed from a neighbor! I went to the store and bought them a big bag of groceries so they'd at least have food for the weekend.

The kids instinctively know that no one cares for them and very early on, they are filled with rage at their mothers and at the entire world. Even as young as six years old, they form into gangs and these become the only family they have.

If you pay close attention to the children of different ages in the projects, you can watch them turn into monsters. When they're two or three years old, they'll come up to you and want to hug you because they are starved for the affection that they're not getting anywhere in their lives. It breaks my heart to see these kids. They are so innocent and their entire lives lie before them, yet in my heart I know they are doomed because of the environment they live in and the association they'll form with other children.

By the time they're five or six, the kids in the projects are already starting to change. Last summer I was at Potomac Gardens sitting in front of Vanessa Adams' building, watching her children play. A five year old named Bret came over. His mother is a crack whore and she and Bret live with their aunt, who is an alcoholic. Bret is pretty much neglected in that household. He took my right arm and held it tightly for a moment. All of a sudden, he let go of my arm and started hitting it with his fists. He was so angry that he couldn't control himself.

I said to him, "Bret, I can't just let you hit me. If you keep doing that, you'll have to leave." He wanted the affection, but he was so full of rage that he couldn't stop himself. He sees violence all the time and frequently bears the brunt of it. Violence is all he knows and he was acting out his rage in the only way he could.

Bret and the other kids in the projects inflict violence on each other all the time. A couple of weeks ago, I was sitting in the park at 10th and Pennsylvania, two blocks from Potomac Gardens. Bret came over to the park with three of his friends, all of them five or six years old. They started playing and their game went like this: One little boy, who was bigger than the others, wielded a tree branch and he beat the other little boys with it one at a time. When each one cried, he stopped hitting them. His purpose was clear - he was taking out his rage on these other little kids and establishing his dominance over them at the same time.

These kids are imitating what they see in the projects. A couple of years ago, I saw a woman running down 8th Street as fast as she could run - right in the middle of the street along the strip separating the traffic lanes, clutching an umbrella. She was pursued by a man who caught her. She raised the umbrella to protect herself, but he punched her once in the face. He then walked off down the sidewalk and she fell into step behind him.

You watch this stuff and it's like watching animals. In packs, a dog will establish dominance by attacking another dog until the weaker animal lies on its back with his paws in the air, exposing its belly, thus signifying total submission. Dominance has been established and aggression satisfied and life can go on. This perfectly mirrors human aggression in the housing projects.

On another occasion, I was at Potomac Gardens watching a group of eight year olds play. Their game consisted of hitting each other in the face with the empty coke cans. Evidently, this didn't satisfy them. They started throwing coke cans at a little girl of about five years. She started crying as though her heart would break.

These kids also take out their rage on animals. They injure, torture and even kill dogs and cats. On one occasion, I was playing basketball at Kentucky Courts with a 14 year old who seemed a normal enough teenager. But when a cat walked across the court, he picked up the ball and tried to hit the cat with it. He also tried to kick the terrified animal. He wasn't playing. He really intended to seriously injure the cat.

I think the worst thing I've ever seen took place outside Southeast Library. I was sitting on the steps with a female friend of mine when a black woman approached with three tiny children. She was clearly on drugs. Her eyes were glazed and she stared off into space with a vacant gaze. Two of the kids remained with her, clinging to her dress. Her three year old son, however, approached us. He said to my friend, "Bitch." We were deep in conversation, so we didn't pay him any mind. But he said "Bitch" again and began hitting my friend with his fists. My friend told him, "I don't think it's a good idea for you to come up to strangers and hit them." He replied, "I don't care." That was learned behavior. The little boy was either imitating older kids, his parents or other adults - black men beating black women.

In the projects, the breakdown in community is so profound that nobody disciplines anybody else's kids. Nobody even chides bad kids for misbehaving or tells their parents about their misbehavior. Everybody is afraid of everyone else, especially of the kids themselves. If you report to a parent that their child is bad, they'll scream at you, "My child is not like that!" and they might hit you, stab you or shoot you. In fact, last summer, an adult tried to stop a fight between two children outside Kentucky Courts and one of the parents shot him!

Impact Of Housing Project Violence On the Community

The Rand Corporation recently completed a study of crime in three U.S. cities, including Washington, D.C. The study found that 90% of our violent crime originates in public housing. Here on Capitol Hill, there are five housing projects within a few blocks of each other - Kentucky Courts, Potomac Gardens, the Hopkins Apartments, Arthur Capper and Carrollsburg.

When the children in the housing projects reach the age of six or seven, they form gangs and begin roaming the streets. Interestingly enough, these gangs of young children consist of both boys and girls. Because their own mothers don't care what happens to them, the gangs are the only family they have. What the children lack in size, they make up for in sheer numbers. These little kids roam Southeast D.C. in packs 15 or 20 strong. They're out on the street and pissed off. They go into stores on 8th Street and Pennsylvania Avenue and steal from the merchants. They wander the streets and throw rocks and bottles at homeless women. They throw rocks and bottles at passing cars on 8th Street. On 8th Street, they open the doors to Phase 1, a lesbian bar, and throw rocks at the women inside.

Do most kids in the projects behave like this? I asked a woman at Potomac Gardens: "What percent of these kids are in gangs?" She told me she knew only four or five families whose kids were not.

The ultimate in terror are the teenage gangs from the projects. These kids range in age from 14 to 18 years old. They make their living by operating on the periphery of the drug culture and by mugging people and breaking into cars. They carry guns and knives and are perfectly willing to kill anyone in a rival gang, anyone who gets in their way, anybody who pisses them off. They are especially dangerous because they don't care whether they live or die.

For thrills these teenagers rape homeless women and beat up homeless men. They are so thoroughly dangerous that the police from 101 are afraid of them and under no circumstances interfere with their activities. I know of one particular incident where a gang tried to drag a homeless woman into an alley to rape her. When her boyfriend defended her, one of the gang hit him in the head with a brick. The homeless man pulled a knife to keep them at bay until the police came. The police officer was so anxious to avoid arresting the kids that he told the homeless man, "If you prefer charges against them, I'll have to lock you up for pulling a knife." His words had the desired effect. The homeless man did not press charges against the gang members.

One night I was at the 7-Eleven telling two teenage kids from the projects about the time two kids tried to rob me at knife point. I confessed to having been scared. One of them said, "What were you scared of? Either you live or you die." He wasn't acting or play a role. He really didn't care whether he lived or died.

I have seen the emotional life of these kids at close range. Their emotions are

dead, burned out. The only time they smile is when they are about to witness someone inflicting pain on someone else -or when they're about to inflict pain.

These teenagers are in a perpetual stage of rage. All they need is a minor incident to set them off. Most of them bring their guns wherever they go, to the shopping malls, to parties, and to school. The recent murder at Cardoso High School was a tragedy waiting to happen since these kids will pull out a gun at the slightest provocation and open fire regardless of the consequences. They don't care if they have to shoot twenty people to kill their target because they hate the entire world.

These are the effects of crack addiction in the projects: Unrestrained by adult authority, ghetto children roam our streets, robbing people and killing each other and any innocent bystanders unfortunate enough to get in the way. They're turning our streets, our schools, our shopping centers into battlegrounds and no one is safe.

Reaction of the Black Community To Housing Project Violence

The black community is never going to solve the problem of violence in the projects. Black people have been subjected to horrible racism for over 300 years, racism that still persists today. Anyone who doubts that racism still persists ought to read Andrew Hacker's recent and powerful book *Two Nations*.

Because of undying white racism, black society has developed three survival mechanisms to cope with racism's effects. First, it has developed what I call a "state of denial." Second, it has refused to hold other blacks accountable for their behavior. Third, to ensure solidarity, it has branded any black who opposes the will of the majority an Uncle Tom, an orso, a race traitor.

First, you have a "state of denial" in the black community towards its problems. A black friend described this as a defense mechanism against racism: If you have a problem you can't control, you simply pretend it doesn't exist. This black friend told me that in the days of slavery, if the slave owner raped a black woman and she became pregnant and had a baby and the infant was half white, her husband could do nothing. If he tried to obtain justice, he'd be killed and his family split up and sold to other masters. So he and the entire family pretended the problem was not there. This is how the "state of denial" operates.

On rare occasions the black community does address its problems, but it does so by claiming the problem is the result of a white racist conspiracy. Large numbers of black kids possess handguns and are killing 400 other black kids a year in the District. However, since the black community doesn't want to admit that its kids are out of control, it claims the guns were put there by white racists to cause them to commit auto-genocide. Mary Cox, the well-known columnist for "News Dimensions" actually said to me, "How did the guns get there? Black people didn't make them in factories! They didn't put them in the ghetto. White people did it so Black people would kill each other!"

In effect, the black community is saying, "The problem is beyond our control; the whites created the problem to destroy us and there's nothing we can do, because they are so much more powerful than we are. So we don't have to do anything." Similarly, in response to the AIDS crisis, black people claim white people invented AIDS to destroy blacks, so there's nothing they can do about it. They don't have to teach sex education or distribute condoms to their kids. It's easier to blame it all on the whites.

The second defense mechanism employed by the black community is a refusal to hold other blacks accountable for their actions. A couple of years ago, Albina Walker, an Afrocentric educator who awarded herself a diploma at her own school, was paid \$250,000 by the District to produce an Afrocentric curriculum. After two years she came up with an eight-page outline. The media in the black community did not utter a peep about this outrage. When the "Washington Post" quoted some Howard University professors who said that Walker was a charlatan, D.C.'s black community became enraged and rallied around Walker, claiming that this was a white racist conspiracy to defame a strong proud black woman.

The fact is, no matter how sleazy or criminal a black official or leader, the black community will rally around them. Diane Beard-Williams, Executive Director of the Coalition for the Empowerment of Children and Families in Los Angeles correctly states that black leaders use the race card to evade responsibility for their own actions. She writes: "In response to a race-card defense, we react just as we've been programmed to do. Instead of excoriating black leaders for falling in love with their power, image, and shameless sense of invincibility, African-Americans buy into the specially orchestrated drama that is calculated to stir up hatred, division and fear. . . . We must not, however, be pawns in the race-card game when our leaders have betrayed our trust, when money and power - not "the system" - is their short-coming. Instead of being so accommodating, we need to admit when we have been emotionally raped by those who have misused our trust. If they allowed ego and greed to amputate their social, economic and political lifelines, they alone should pay the price." ("Los Angeles Times," Aug. 29, 1994 B7)

As long as blacks refuse to hold their leaders accountable, there will always be irresponsible, crooked black officials because these people know they can get away with whatever they want to do.

A third survival mechanism among blacks promotes solidarity by branding anyone who opposes the majority a race traitor. Unfortunately, this means that if a black reformer speaks out about black problems, he runs the risk of being branded a race traitor. Here in Washington, D.C. this is precisely what happened to Council member William Lightfoot. On primary election night, he announced he was running against Marlon Barry who had just won the Democratic primary. Two days later, he backed down. He did this because Barry threatened to call him a race traitor. This fear of being branded a race traitor ensures that no one from within the black community will address in a meaningful way the violence coming from the projects.

Since 1966 when crack hit the streets, the black community in Washington, D.C. has lost over 400 dead annually to turf wars over crack. Nationwide, black America has lost 77,978 dead in the eight years war. This is a holocaust unparalleled in black history since the days of the middle passage. By comparison, during the eleven years of the Vietnam War, blacks in the U.S. Army lost 4,000 dead.

It is a bitter irony that the very defense mechanisms that preserved black society during over 300 years of racism now threaten to destroy it. Can you imagine what the black community would do if white people instituted a reign of terror that killed 10,000 black boys and girls a year? There would be a revolution. There'd be fighting in the streets. But since black people are killing other blacks, their community is mute on the topic.

When you ask most blacks how to stop the epidemic of violence, they suggest going to church to pray. The black community in Washington D.C. is perfectly willing to sacrifice 400 Antae Halls (the 16 year old killed at Cardoso High last week) per year. The black community nationwide is willing to lose 10,000 youths a year forever to avoid airing their dirty laundry in public and to avoid taking responsibility for their actions.

I have no doubt that black society will be destroyed unless its members overcome their resistance to holding welfare mothers and their children accountable for their actions. I see no hope unless blacks force their leaders to grapple with these problems in constructive ways. If blacks don't take these steps, their society is doomed.

Solutions To The Violence

How did the black ghetto family become parentless? First, black ghetto families are single parent households because black men - who were employed in unskilled jobs in steel mills and auto assembly lines - were laid off in the 1970s and 1980s in massive numbers. Second, at the same time, the welfare system told women on welfare, "If you have a man in your life, you can't get money; on the other hand, if you keep having kids, we'll pay you for each one that you have." Thus, what had been a solid two-parent family became a one-parent family because the welfare system excluded the father from participating in his own family life and went elsewhere to find work. Third, in the mid-1980s, the crack epidemic hit the streets of America and huge numbers of single women on welfare became crack addicts, thus leaving their children without any parents at all.

Rebuilding a stable black family is the answer to the problem of violence. With a stable family, children don't get out of control. To build a stable black family, we must first provide jobs and job training for black people on welfare, no matter what the cost. We must not repeat Bill Clinton's mistake of promising to provide job training and then abandon the attempt because job training is more expensive than handing out welfare checks and food stamps. We cannot afford to abandon the black underclass, because if we do, they will create a crime wave that will destroy us all.

It is perfectly clear to me that we taxpayers are subsidizing welfare mothers to give birth to sociopaths. It is also clear that these sociopaths are committing most of the crime in our cities. The question is, how are we going to put a stop to the violence?

The solution is reforming the welfare system. The Federal government must reform this corrupt, unworkable system. We black and white reformers who want change must stop thinking that black will solve the problem of violence in their own community themselves. They won't. We must persuade the Federal government to offer welfare recipients four alternatives to remaining on welfare. (Bear in mind the fact that welfare was never intended to be permanent.)

First, we must provide drug treatment programs for welfare recipients, instead of closing them down. We need to help the poor fight their addictions and give them a chance to lead normal lives.

Second, we must legalize crack. The prohibition of alcohol in the 1920s gave rise to a gangster element who ruthlessly slaughtered each other and innocent

bystanders over the distribution of alcohol; legalizing alcohol put them out of business because it took the profit motive out of booze running. Similarly, outlawing drug sales has created a gangster class who kill each other by the thousands every year. Legalizing crack would make the drug readily available and put the drug dealers out of business.

Third, we must reform and improve our schools so that ghetto kids have an alternative to drug dealing. Here in D.C. most ghetto kids can't even read or write beyond a fifth or sixth grade level. They don't have any alternatives to drug dealing. If you offer black youth education, job training and lucrative alternatives, many of the younger kids will choose to get regular jobs.

Fourth, we need to start a public works program for black youth modeled on the WPA programs of the 1930s. The Federal government must enroll black teenagers in repairing highways and building dams. This program will get them out of the ghettos and teach them discipline and hard work.

We must also make it clear to welfare mothers that certain behavior is unacceptable. We must say: You have those means of getting off welfare and you have so many years to do that. In the meantime, you can lose your kids and your welfare check if you engage in the following actions:

- o If you already have two kids and you have a third, you will be penalized. Either you won't get welfare money for that additional kid or you lose your welfare check entirely.
- o If you have kids who don't attend school, who chronically misbehave at school, who get into trouble on the streets, we'll take your kids away from you and take away your welfare check.

By stating these conditions, we are treating welfare mothers as responsible adults and telling them that certain behavior will definitely result in specific consequences.

We must send a message to the kids, too:

- o If you commit an adult crime, you'll be treated as an adult, whether you are 16, 14, or 10 years old. And when you reach 18, you won't get out of jail. You'll serve your full sentence.
- o If you kill someone, you will be executed just as adults are.

We also need to pass curfew laws that have teeth in them. Pre-teens and teenage kids don't have the right to wander the streets at all hours of the night. If they're caught, the parents and the kids should be put on notice. If children are caught wandering around the city during school hours, they should be warned. If the kids violate the rules again, the kids and parents should be fined or imprisoned. If there are kids in school who are troublemakers, get them out and put them in an alternative facility.

Here in the District, either Federal agencies or private agencies will have to take over a lot of the duties of the District government. The D.C. government clearly can't run its own foster homes, its juvenile detention centers, or its drug treatment programs. These programs must work if we are to make our society safe.

We must put an end to this violence on our streets. For the first five or six years of the turf war over crack, the violence was confined to the Black ghetto, but two or three years ago, this ceased to be the case. It is now spilling over into the rest of our city. The truth is, we are not safe anywhere any longer. Kids with guns share the subways and buses with us, they mingle with us in shopping centers and shopping malls, they attend classes with our children, and they walk alongside us on the streets of Washington, D.C.

Violence has occurred outside the ghetto in public spots on several occasions. At the Farmer's Market on U Street a few months ago, members of one gang opened fire on a crowd of people while attempting to kill members of a rival gang. Half a dozen innocent people were killed or wounded. At Union Station, a popular spot on Capitol Hill, one gang member shot another over an imagined insult. The Cardozo High School shooting makes it clear that our schools are not safe, either.

The police cannot protect us. They can't even guarantee security in their own headquarters. In December, 1994 a small-time drug dealer and murder suspect walked into D.C. Metropolitan Police Department headquarters and killed three police officers. A month later, after the MPD announced that security in their headquarters had improved, a handcuffed prisoner who was being booked for a double murder simply walked out of the building.

Washington, D.C.'s police force is largely inexperienced. At the First District's Substation No. 1, 80% of the police have less than five years experience on the street. The new commander, Capt. Fonville, has publicly stated that his toughest task is to motivate his officer to do their job - in other

words, to force his men to patrol the streets and prevent crime. Thanks to Marion Barry's ruling in 1989 that new police had to live in the District, most of our new police - 50% of the current police force - were recruited from the ghettos of Washington, D.C. They can't read or write, their training is inadequate and their ability and willingness to serve and protect us civilians is dubious at best.

Given the caliber of the MPD, it is not surprising that this city's drug dealers are not afraid of them. A year ago, Officer Jason White was killed near Kentucky Courts, a notorious housing project. I believe this cop killing signalled the beginning of a new and dangerous trend that will soon be out of control - the singling out of cops for assassination. This trend was delayed for a year because the police have stayed away from the housing projects and, on those rare occasions when they do visit these trouble spots, they go ten cars in a group.

However, a disturbing new trend has developed. Now, instead of being the hunter, the MPD is the hunted. An officer told me the criminal youth gangs are going over to the offensive against our police. He told me, "It's rough out there. It's hunting season. You never know what's going to happen." I predict that in 1995, the drug dealers will seek out and shoot MPD officers.

The police, then, are not a factor in ensuring our safety. One of these days (it is only a matter of time), gang violence will kill or maim half a dozen people at a mall, on the street, in a school, or on a subway. Another illusory island of safety will vanish. Our mayor and police chief will tell us that there is really nothing they can do about these shootings!

We can't survive as a society if we're afraid of our own children. If we remain on the road we're traveling, crimes of this nature will occur with alarming frequency. We will be forced to turn our homes into fortified compounds and huddle indoors because we're not safe anywhere else in this city.

The key to the violence threatening our society is the housing projects. 90% of the crime on our streets comes from them. We must hold the kids in the projects accountable for their behavior and we must hold the mothers giving birth to the kids accountable as well.

TESTIMONY OF THOMAS D. SUTTON, ESQUIRE
 BEFORE THE SUBCOMMITTEE ON HUMAN RESOURCES
 COMMITTEE ON WAYS AND MEANS
 U.S. HOUSE OF REPRESENTATIVES

I offer testimony with respect to the Subcommittee's consideration of proposals to eliminate or drastically alter the SSI disability program for children. I am intimately familiar with this program, as I was one of the attorneys for the plaintiff class in Zebley v. Sullivan, 110 S.Ct. 885 (1990), the case which required the Social Security Administration to rewrite its regulations on childhood disability. In my role as class counsel, I was present for many of the deliberations of the agency and the outside experts on whom it relied for guidance in drafting the new childhood disability regulations in 1990-91, and I have lectured extensively around the nation since that time on the new regulations and their impact on disabled children. Although I have entered the private practice of law and no longer formally represent the Zebley class, I continue to represent many children with severe physical and mental disabilities in SSI claims before the agency and the federal courts.

From my personal experience, I can state unequivocally that the post-1990 childhood disability program has made an enormous difference in the lives of poor disabled children and their families. The modest cash grants provided by the federal government (and some states) help to defray the financial burdens of caring for a disabled child, and are absolutely essential to the hopes of such children that they can grow up to lead productive lives someday. Moreover, the new disability regulations have allowed the Social Security Administration to grant benefits to truly disabled children who were unfairly denied under the pre-Zebley rules, and should not be radically altered without thorough consideration by the National Commission on Childhood Disability which was established by Congress only last year.

Members of Congress should remember that the needs of poor children with disabilities are many and varied. The modest monthly cash benefits provided by SSI offer each family the flexibility to meet the particular needs of its disabled child in a way that no conceivable medical voucher program could begin to address. In the first place, families in the income range covered by SSI have shelter needs which are met only through a monthly struggle. I have seen numerous cases in which the additional few hundred dollars of monthly income made the critical difference between eviction or foreclosure on the one hand, and a disabled child living with his or her family in their home. In many of these families, one or both parents have had to severely curtail or even give up employment in order to care for the disabled child at home; for such families, the SSI grant constitutes the only viable alternative to institutionalization for the child. A program which helps to keep a roof over the head of a family caring for a disabled child furthers the public policy goal of keeping such families healthy and intact, and should not be subjected to the kind of well-meaning but misinformed attacks which we have recently witnessed.

Beyond basic shelter needs, a disabled child can have any number of special requirements. Some children need part-time assistance with basic personal needs which are beyond the capacity of exhausted parents to personally meet twenty-four hours a day. Other children need specialized services, ranging from basic educational tutoring to speech and language therapy, cognitive remediation, and behavioral modification programs. Equipment needs are many and diverse, including such items as wheelchair ramps, respiratory aids, and specially outfitted vans for basic transportation of disabled children. Some children desperately need access to the kinds of activities taken for

granted by their more affluent peers in order to adequately address their mental and emotional deficits; these may include anything from art therapy to music, dance, or sports classes.

It is impossible to catalogue every permutation on the general theme, but this much should be clear: the needs of disabled children are both vast and diverse, and their parents and guardians are in the best position to judge how those needs should be met. Many of these needs are not, strictly speaking, medical in nature, and are not currently reimbursable by Medicaid (which, in any event, is not necessarily available to children on SSI in many states). For example, I represent a nine year old boy with severe asthma and psychological disorders who is currently applying for SSI. His mother, a single parent, has recently left public assistance to take a full-time job as a night auditor at a hotel. Unfortunately, this job pays only \$6.00 an hour, does not include medical insurance benefits for dependents, and requires my client's mother to employ a full-time babysitter to stay with her disabled son through the night. Because her earned income disqualifies her son from receiving Medicaid, SSI eligibility represents her only real hope of 1) obtaining medical coverage (as Pennsylvania is one of the states which does provide Medicaid to all children on SSI), and 2) sustaining the ability to pay a babysitter in order to continue her employment and stay off public assistance.

Clearly, no voucher program can possibly address the many special needs of disabled children and the families which care for them. Congress should take no legislative action which would simply force mothers like the one I have described to give up her employment and return to the AFDC program because they have no other way to care for their disabled children.

Some members of the Subcommittee have raised questions about the Individualized Functional Assessment (IFA) that is used to determine whether a child who does not meet or equal the very stringent regulatory requirements of the Listing of Impairments should nevertheless be found to have impairments of comparable severity to those which disable adults. It has been suggested that the IFA is too lenient, and allows benefits to be granted to undeserving children.

To understand just how misplaced these concerns are, consider the childhood disability standard which existed before the Supreme Court's ruling in Zebley. Under the old rules, children like Derik Wilkinson were routinely denied benefits. Derik was 10 months old at the time of his SSI hearing, and the Eleventh Circuit Court of Appeals described him as follows:

The Wilkinson child is afflicted with a rare chronic liver disease known as Alpha I Antitrypsin deficiency. He is isolated from public places, essentially confined to his home, except for trips to the doctor. He swells, cannot eat, and runs a fever three or four nights a week. The swelling of his arms, legs, and feet causes pain. He has been hospitalized four times, and he tires easily. The doctors say he has a life-long condition, precluding a normal childhood and adult life. He has allergic reactions to any kind of food. He requires constant attention, and when he swells up, he must be held all night.

Wilkinson on behalf of Wilkinson v. Bowen, 847 F.2d 660, 661-62 (11th Cir. 1987). Despite the court's own description of this desperately ill little boy, it upheld SSA's denial of benefits because there was no impairment in the Listings which Derik could be found to meet or equal. Under the regulations which existed

at that time, neither the agency nor the courts could legally consider the obvious fact that Derik Wilkinson was so dysfunctional that he should have been found "disabled" under any meaningful definition of the term.

Because the Supreme Court recognized in Zebley that SSA had long been applying an illegally strict standard which excluded children like Derik Wilkinson, the agency convened a panel of distinguished medical experts to assist in rewriting the childhood disability regulations. The resulting IFA test allows the agency to determine whether children who would have been denied under the pre-Zebley rules are so physically and/or mentally dysfunctional that they should be found disabled. The IFA allows for consideration of all aspects of a child's functioning in the domains considered most relevant by experts in child development, including motor, communicative, and cognitive skills. Children with serious limitations in two or more of these domains are appropriately found disabled under the statutory standard of "comparable severity."

I know from first-hand experience that there are enormous numbers of truly disabled children who were excluded under the old regulations, and who are just now beginning to realize the benefits of the program. They and the families who struggle to care for them deserve the modest amount of cash assistance provided by the SSI childhood disability program, and Congress should not enact hastily drafted and lightly considered statutory changes in the program at this juncture. Any such changes should await the conclusions of the National Commission on Childhood Disability, which is expected to release its report by the end of the year. In the meantime, we should support the efforts of families to raise their disabled children at home with dignity and love. For these most vulnerable members of our society, we have an obligation to do no less.

On behalf of my many clients, thank you for considering my views.

TESTIMONY OF THE TAYLOR INSTITUTE

Introduction: Welfare Receipt and Domestic Violence

Welfare-to-work public policy recommendations continue to be based on a key factual misconception-- that female welfare participants are indeed single heads of households. In actuality, grass roots social service providers are finding that, in many cases, there is a male in the picture who frequently sabotages the woman's efforts to become self-sufficient-- often with violence. Several model welfare-to-work programs have made the crucial connection between domestic violence and long-term welfare receipt-- a connection which must be recognized before meaningful progress can be made in the struggle to free women from welfare dependency.

The problem looks something like this: Due to low grant levels, welfare participants cannot live on welfare alone. Accordingly, high school dropouts who become teen parents--with the attendant low skill levels and negligible work history--become embroiled in relationships with males who promise to support them. In return, say community workers, these males want complete dependency. Threatened by educational and self-help programs, these men frequently resort to violence and emotional coercion to prevent their partners from gaining education and employment. This finding flies in the face of the current assertion that women go on welfare to escape abusive relationships.

This cycle is becoming more familiar to those in the field, who are disheartened by their inability to effectively intercede. "We can do everything we can, but if we don't get the partner to buy in, he will sabotage it every single time. It is so frustrating because we can't control it," explains Angie Barnett of the Maryland Friends of the Family Program.

Although practitioners are becoming increasingly aware of the problem, the issue of domestic violence as a barrier to training and employment does not surface in national welfare-to-work policy discussions. Nor has there been any solid research completed to inform the welfare reform debate. This report takes a first step at determining the extent of the problem within the AFDC caseload and analyzing its implications for public policy.

Taylor Institute, a public policy research and advocacy organization in Chicago, has been working with the Chicago Commons Employment Training Center (ETC) to quantify and analyze ETC data regarding the relationship of domestic violence to long-term welfare receipt. Recently Taylor Institute undertook a nation-wide telephone survey to determine just what is known about the problem by grass roots welfare-to-work programs around the country. Although most programs do not explicitly track this data, there is a mounting body of evidence supporting the connection between domestic violence and welfare dependency-- enough to cause grave concern about the drift of the national welfare reform discussion and to mandate additional research.

What Grass Roots Welfare-to Work Programs Say About Domestic Violence

The Problem

For the purpose of this report, domestic violence is defined as verbal and physical abuse and coercion by men directed at adult women in intimate relations, which is meant to take in the full range of physical and nonphysical means used by men to coercively control women.

The stories about domestic violence are all the same, numbing in their repetition and remarkable in their similarity.

- Participants do not come to basic skills classes regularly because their attendance provokes violent behavior against them. Their decision to improve their skills and seek employment threatens their abusers, who prefer them to stay dependent. Coming to the program itself is an act of resistance which most often exacerbates the violence. When visiting participants who have dropped out of training programs, staff routinely find women with visible bruises, black eyes and cigarette burns--injuries inflicted by abusers in the hope that their victims will be too embarrassed to go to school. Abusers may also come to the program itself, making belligerent threats of violence in the hope that their behavior will result in the participant being barred from participation. For many women, it is easier to take the path of least resistance and drop out.

- Participants describe a variety of techniques employed by their partners to sabotage their efforts to become educated or employed. For example, the night before a key test, entrance exam, or job interview, boyfriends will engage their partners in night-long quarrels, leaving the women sleep-deprived and unable to perform well. In addition, participants report over and over again that their abusers will promise to provide key child care services or transportation, only to disappear on the morning of the exam, or become inebriated--and therefore incapable of helping--when needed. Abusers may also hide their partners' clothing and winter coats so that the women are unable to leave the house either to take a test or to attend school. At the extreme, abusers will inflict black eyes or other injuries the night before their partners are to start a new job, or will visit the job site and create an embarrassing or threatening situation, causing their partners to lose their job. Such harassing visits and/or telephone calls often wear down the participant, who decides to quit the program or job and devote herself to her partner's needs and interests.

- Participants also report that their abusers are terribly concerned about them meeting other men and forming new relationships. One woman recalled that her partner appeared every day at work to take her to lunch, lest she meet and fraternize with anyone new. Another woman related that her partner let her come to school because only women were involved on site. The same woman was certain that her partner was unlikely to let her get a job, because she would meet other men at the work place.

The Statistics

At the Chicago Commons West Humboldt Employment Training Center (ETC), a comprehensive welfare-to-work program which has provided services to over 600 welfare women since 1991 in Chicago, 58% of participants who entered ETC between July 1,

1993 and June 30, 1994 were current victims of domestic violence when they entered the program; an additional 26% were past domestic violence victims; 17% of all participants were incest survivors or past victims of sexual assault; 21% were currently addicted to drugs or abusing alcohol; and an additional 9% were recovering from past substance abuse. ETC provides services to participants who are long-term welfare recipients (the average time on welfare is 6.7 years) and low basic skills (43% were reading at 6th grade or below upon entry).

The Washington State Institute for Public Policy undertook a five-year Family Income Study which interviewed a representative sample of the entire AFDC population in the State of Washington. In the fifth year of the study, administered in 1992, women were asked if they had been physically or sexually abused as adults.

60% reported some type of abuse (physical and/or sexual), compared to 35% for a comparison group of women drawn randomly from neighborhoods that were more likely to have high rates of public assistance receipt. (The study did not, unfortunately, differentiate between current and past abuse.)

55% reported being physically abused by a spouse or boyfriend, compared to 28% for the at risk sample.

30% reported being sexually abused by anyone, compared to 19% for the at risk sample.

Two years ago, Mid-Iowa Community Action (MICA), a comprehensive family development and self-sufficiency program in rural Marshalltown Iowa conducted a survey of 91 heads of household participating in its family development program who had been on welfare for two years or longer.

22% were current domestic violence victims;
51% were past domestic violence victims;
11% were current substance abusers; and
31% were past substance abusers.

MICA states, "What these families want is a partner who can skillfully elicit the history of the family; acknowledge the pain that has been part of the family's history; and connect the family with resources and experiences that will help the family to heal and move forward."

In December 1991 Manpower Demonstration Research Corporation (MDRC) published the results of a study of 617 young women (age 16-22) participating in New Chance program sites throughout the country between August 1989 and September 1990. Case management staff were instructed to report various problems only if they interfered with program participation.

16% of enrollees across all sites told program staff that they had been battered by their boyfriends or came to the program with a black eye or other visible signs of abuse; 6% reported being abused by someone other than their partner. In addition, 15% reported discouragement of program participation by their partner and 9% discouragement of program participation by their mother or other close relative.

Janet Quint of MDRC states that these statistics are probably low estimates and represent only the cases known by the staff. She adds that "tension-fraught relationships with significant others mean that some women can't fully take advantage or benefit from programs otherwise available to them."

The problem has also surfaced in Jackson County, Missouri (Kansas City) in the FUTURES program, where the JOBS caseloads are 35-1, "the lowest in the nation," according to Barbara Hubbell. In March 1994 an evaluation of the program by the University of Missouri at Kansas City found that "FUTURES graduates less frequently report the presence of a significant other in the household than do dropouts and those currently in the program." Carmen Schulze, Director of the Missouri Department of Social Services, Division of Family Services, concurs that "the significant other has a key impact on decisions that lead to self-sufficiency."

In Denver, Mitzi Kennedy of the Clayton Mile High Family Futures Project estimates that 50% of its mothers are struggling with issues of domestic violence.

The Women's Employment Network in Kansas City, Missouri estimates that 75-80% of its participants self-report domestic violence during the course of the program.

At least 20% of the participants in the Family Support and Education Center in Cecil County Maryland (where the population is 95% White) are affected by the problem, according to Angie Barnett. Because of the direct relationship between domestic violence and self-sufficiency, the program persuaded the local domestic violence center to provide services directly at the jobs program site.

At the Denver Family Opportunity Program, operated by the Department of Social Services, Sue Boyd has also uncovered domestic violence as the "biggest issue for successful transition into the workplace. There is no doubt whatsoever. This is the biggest problem that you have. We are trying to build new strategies for dealing with this, other than exempting battered women from participation," which the program is currently doing.

Jennifer Levine with the Project Esteem program of Family Dynamics Inc. in New York City states that its caseload contains an equal number of supportive relationships and abusive ones. Project Esteem, which provides a 12-week career planning/parenting education program, explains that "in many ways social realities have not caught up with the economic realities in that women are still expected to stay home and care for children. In some cases if the male can't support the family very well, it is a blow to his self-esteem to have the female doing so." Levine also states that parents and other siblings are often, for whatever reason, not supportive of the effort to get off welfare and often sabotage the welfare participant by failing to provide needed child care and other support at key moments.

Cleveland Works, another comprehensive program providing a host of family support services, including on-site child care and

legal assistance, also reports that "this silent issue is a major problem." Deborah Lucci explains that participants may not be willing to say they are being beaten up, but "it all comes out as they progress through the program and try to become independent."

As part of its holistic, multi-disciplinary approach to service provision, in November 1994 the Hawaii JOBS program quantified what the department calls "psycho-social" and health barriers which "very much interfere with the transition from welfare to work. Domestic violence is a major barrier for our clients in Hawaii," says Marge Sheehan, Social Work Supervisor. Psycho-social and health barriers were found in 54.4% of the caseload.

The University of Wisconsin-Milwaukee has also found a connection between domestic violence and child abuse and the ability to stay in school in an analysis of the "Learnfare" Program in Milwaukee County. Under "Learnfare" teen parents receiving welfare are financially sanctioned for missing more than two days of school each month by losing a portion of their benefits.

The study, which analyzed over four million client computer records at Children's Court for a ten year period ending in 1989, found that 36% of the 1,562 Milwaukee County teen parents sanctioned under "Learnfare" during the sixteen month period from September 1988-December 1989 had child abuse or neglect indicators for their immediate family. This means that at a minimum a case worker had investigated one or more members of the family for physical or sexual abuse or child neglect and had indicated in the social service file that this is a problem which should be monitored.

In the words of Lois Quinn, one of the authors of the study, "Preliminary analysis suggests troubling questions regarding the high numbers of families with histories of domestic violence or neglect who are sanctioned in Milwaukee County and the potential for negative consequences, including escalated violence, in these and other families. More research is needed in other states now implementing 'Learnfare'-type initiatives on these experiments' impact within families and follow-up is needed in Wisconsin on any subsequent violence which has occurred in threatened or sanctioned families."

Implications for Public Policy and Welfare Reform

1. Determine the extent of the problem

It is time for the issue of domestic violence to come out of the closet. The secret cannot continue to be kept. Patricia Murphy, author of the path-breaking book "Making the Connections: Women, Work and Abuse," believes domestic violence, while a crime, is also an *economic* crime. Domestic violence occurs during the ages of 13-26, she explains, the time when young women should be building their skills and developing their work identity. These are key developmental years. "The loss of work identity in either the waged or unwaged work lives of women is a kind of death. When this loss occurs as a result of abuse, it is a kind of murder, soul murder."

The reasons for the secret are not difficult to fathom. Since the existence of a male in the house providing economic support has not been and cannot be reported to the welfare department, it is no wonder that welfare participants strive mightily to keep the existence of the live-in relationship a secret. Participants are also deeply ashamed that they are beaten. Many are afraid to get needed help for themselves or their children because they fear that they might lose their children due to their failure to provide a violence-free home environment. For this reason, the problem is unlikely ever to be shared with a welfare department case manager or other professional with a duty under state law to report potential child abuse or neglect.

The secret gets kept with the connivance of those in the helping professions who often do not believe it is their place to ask about such personal matters. "Don't ask, don't tell", appears to be the operative rule. Mitzi Kennedy in the Denver program explains that "You have to know enough to recognize the code. Participants will give out hints, like, 'He holds me down,' or 'I have a man problem,' or 'The man is no good.' That is the signal to probe more deeply."

The enormity of the problem (Why do so many men batter their partners?) causes discomfort and denial, and the difficulty and messiness of the issue cause dismay (Why don't the women just leave?) The result is that domestic violence remains an issue "owned" only by feminists and/or those in the domestic violence service network. These programs generally do not interface with the welfare-to-work service delivery system. As an issue domestic violence remains dangerously disconnected from welfare reform and other anti-poverty policy initiatives.

A corrective course is urgently needed.

- All aspects of the social service delivery system, including job training programs, need sensitization to the issue of domestic violence and training in assessment tools and techniques to serve the needs of battered women.
- The extent of the problem within the AFDC caseload needs to be verified and the accompanying characteristics of the women better understood.
- Grass roots welfare-to-work programs need to begin to immediately assess and track the incidence of the problem.
- Program evaluators also need training in domestic violence and domestic violence assessment. All evaluations of experimental welfare-to-work programs must take domestic violence into account.
- Academic researchers need to work hand-in-hand with program providers at the grass roots level to better quantify and understand the implications of domestic violence for the development of women across their life spans.

2. Identify specialized support needed for current and past victims and provide it.

Unlike any of the current theories regarding welfare dependency,

the incidence of domestic violence in the lives of welfare recipients striving to become self-sufficient appears to explain the failure of current welfare reform policies and programs.

The "culture of poverty," identified by many academics as characterizing long-term welfare participants--"learned helplessness," apathy, resignation and inability to recognize and respond to new opportunity caused by lack of control over their lives-- may, in many cases, be post traumatic stress disorder, mandating a totally different public policy and service approach.

Many past victims have incurred permanent injuries such as damage to joints, partial loss of hearing or vision as well as emotional injuries which compromise their capacity to become and stay employed. To recover from post traumatic stress disorder they need specialized intervention to deal with difficulty in concentrating, markedly diminished interest in significant activities and sense of a foreshortened future. The lack of knowledge about post traumatic stress disorder and the connection of domestic violence, rape, and childhood sexual assault with substance abuse often means totally inadequate services for welfare women (Murphy).

Current victims must grapple with all of these problems as well as with serious concerns for safety and avoidance of physical harm. The fact is that domestic violence victims have always found their identity in their relationship with their partners, have acceded to their wishes, and have failed to develop any sense of themselves as independent persons with a possible role in the economy. When combined with post traumatic stress disorder, the problem often requires a great deal of time and outside support to favorably resolve. In most localities shelters, which provide a needed safe haven, lack the resources to provide assistance with needed career planning and skills development necessary for employment.

Many domestic violence victims also have retarded intellectual development as a result of the verbal-emotional abuse they have suffered. Children raised in abusive situations and domestic violence victims often believe they are stupid and helpless. "The ever-present fear of such volcanic eruptions and catastrophic events leaves children speechless- numbed, unwilling to develop their capacities for hearing or learning" (Belenky, et. al. "Women's Ways of Knowing"). It is through speaking and listening, writes Belenky, that we develop our capacities to talk and think things through. The fact that women are expected to curtail their voice may account for the greater prevalence of clinical depression among women than men.

This analysis suggests the need to combine intellectual development with emotional recovery. Program models combining domestic violence support services with basic skills training are desperately needed.

3. Exempt current victims.

The paradigm of the single female headed household cannot continue to be exclusively used as the basis upon which to build welfare policy. The connection between domestic violence and

long term welfare remains poorly understood. We do not yet understand the implications of requiring women to get off of welfare within an allotted time. Will abusers permit women to work if that is the only means of ensuring income? Or, as anecdotal evidence suggests, do partners' fears that working women will either meet new men or refuse to turn over hard-earned paychecks simply cause domestic violence to escalate?

Some former domestic violence victims categorically state that their abusers would not let them go out to work regardless of the financial consequences to the household. They believe that more poverty and more crime will occur if time-limited programs are implemented without temporarily exempting domestic violence victims from participation and providing special services to them. With no prospect of welfare, young teens may fall even more prey to the romantic blandishments of men older than themselves than they do today.

However, it would appear to be the prevailing view that the abuser will allow his partner to go to work because the family unit has become dependent upon the income represented by the welfare check and Food Stamps. However, going to work at a low-paying job without resolving issues of domestic violence will in most cases probably exacerbate that violence due to the increased stress on the household. And it is unlikely that the welfare participant will be able to maintain the job given the levels of that stress, the accompanying violence, and her inability to concentrate on the job.

Admittedly, little research has been done and not much is known about the effects of changed public policy on households where domestic violence occurs. A chilling episode in Milwaukee almost two years ago may be an indication of what may be to come. As reported by the Milwaukee Sentinel, when Roberta Lee Russell, 18, had to attend school or risk losing some of her benefits, her partner, David Hall, 24, was at home providing child care. When seven month year old Jemeale wouldn't stop crying after being given a bottle, he asked Russell to stop attending school to take care of the children. She said she couldn't because she wanted to continue receiving monthly welfare.

Although Hall told her that he had enough of taking care of the kids, Russell went to school anyway. On that day the baby's father was awakened from a nap by the baby's crying. He lost his temper and punched the boy three times in the stomach and the child stopping crying. Then Hall pushed on the boy's distended stomach, thinking he needed to be burped. The next day, Jemeale stopped breathing and died.

Because it is often difficult to make an assessment of domestic violence, it is essential that all long-term welfare participants with low skills be required to participate in literacy or job training programs which have the capacity to assess and provide the specialized services current and past victims need. Program participants who show meaningful progress should be exempted from time limits which would otherwise sever their benefits.

4. Prevent domestic violence from occurring.

Preventing the formation of relationships which are violent

during the teen years is the only response true and deep enough to make fundamental changes in the ways in which many low-income young women live and raise their children today. Although domestic violence is the single greatest cause of injury to American women and a major health problem, we are only just now beginning to figure out what we can do to make domestic violence unacceptable. Prevention requires developing a community-wide response to the problem- community-wide information and discussion, coupled with the availability of visible, accessible services to current victims at the neighborhood level. Leadership development in our low-income communities is a prerequisite. There are some promising curricula and training projects aimed at pre-teens in our nation's schools, but these fledgling efforts are poorly funded and supported.

The undeniable link between domestic violence and long term welfare dependency also mandates a focus on male abusers. Even if welfare is made transitional, the issue of domestic violence will remain, blighting women's and children's efforts to become fully developed, independent persons. Little is known about effective interventions with male abusers, who up until now have remained the important missing piece in the welfare policy puzzle.

ABOUT TAYLOR INSTITUTE

Taylor Institute is a non-profit public policy research center established in Chicago, Illinois in 1975. Taylor Institute seeks to improve the quality of life of low-income and other disadvantaged people and communities by improving public policies that affect them. Taylor Institute conducts demonstrations, research, technical assistance, training, and evaluation projects that involve and are informed by the experience of low-income persons themselves.

Taylor Institute projects are informed by the experience of the grass roots. All initiatives include direction from people in low-income communities who: work with Taylor Institute staff to identify and research issues and questions; participate in interviews and focus groups; and help design and lead research-related community organizing and advocacy activities.

FOR FURTHER INFORMATION

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Making the Connections Intercultural Network, an advocacy organization which addresses women, work, disability, abuse and violence issues, an Affiliate Project of the Union Institute for Women: Dr. Patricia Murphy, 86 Monte Alto Road, Santa Fe, New Mexico 87505, 505-466-3694.

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TESTIMONY
 COMMITTEE ON WAYS AND MEANS
 SUBCOMMITTEE ON HUMAN RESOURCES
 SUBMITTED BY KATHLEEN KELLY
 UNITED WAY OF CHICAGO
 GOVERNMENT AFFAIRS ASSOCIATE

January 23, 1995

As part of our long standing investment in and commitment to effective welfare reform, the United Way of Chicago appreciates this opportunity to share our perspectives on welfare reform with the Subcommittee. The United Way of Chicago awards over \$50 million each year in charitable dollars to local nonprofits that provide a wide variety of human services to thousands of clients in need -- with the overarching goal to assist dependent individuals to become economically self-sufficient to the greatest degree possible. Based on our goal of promoting self-sufficiency in individuals, the United Way of Chicago has long played a prominent role in welfare reform planning and implementation at the federal and state levels.

In 1994, the United Way of Chicago Board of Directors recommitted its support for effective welfare reform by reaffirming a set of principles, originally adopted in 1987, which have formed the basis of UWC's welfare reform advocacy efforts. (See attached.) These principles support policies and programs designed to assist individuals currently on public assistance to enter the workforce and achieve economic independence, and at the same time, to support them while they are obtaining necessary education and job training, and to provide an adequate level of income support to those unable to do so. More specifically, the principles support program models that provide a range of appropriate education and/or training programs to clients along with needed supportive services -- including child care and transportation -- and social services, such as mental health counseling and substance abuse treatment, as needed. The major goal is to assist the clients to move toward permanent self-sufficiency through jobs which provide long term employment and opportunities for advancement with adequate benefits at a living wage.

Since 1990, when the Family Support Act was implemented in Illinois, our experience has reaffirmed much of what we already knew about what it takes for welfare to work initiatives to be truly effective. We have also learned new things such as the multiple obstacles and barriers to self-sufficiency which must be addressed if we are to successfully move clients off the welfare rolls and onto the taxpayer rolls, and at the same time the need to assure a safe and healthy environment for their children.

We believe that effective welfare reform can only occur if it is grounded in the realities of welfare clients' lives, the current job market, and availability of appropriate supportive and social services.

Within this context, we urge your support on the following key issues during your current deliberations on major welfare reform proposals.

- **Time Limits** - We oppose fixed and arbitrary time limits on AFDC eligibility, while recognizing that, in actuality, most AFDC recipients do leave welfare after two years. Income support, education/training opportunities, supportive and social services should be available, however, based on the needs and capabilities of individual families, not on an arbitrary time frame. The barriers facing many AFDC families are very complex. These families should be supported in their efforts to move off welfare - but within time frames based on their individual life circumstances.

Many AFDC families would be able to become self sufficient in less than a two year time period. For some, however, two years would not be enough time to take all the necessary steps to become economically self sufficient because of the serious obstacles they face. These obstacles can include: low literacy levels, little/no employment history, low self esteem, depression, lack of a high school diploma/GED certificate, lack of employable skills along with, in some cases, mental illness, substance abuse and/or domestic violence. Still others may not ever be able to become self sufficient because the obstacles they face are insurmountable. These persons must maintain continuing AFDC eligibility as a safety net.

We therefore urge the adoption of flexible time frames for AFDC benefits and other supports which are based on individual client assessments and their specific circumstances, skills, and needs.

- Teen Parents - We urge that teen parents continue to be eligible to receive AFDC and that they be given comprehensive supportive services to assist them with their many needs - and not be subject to punitive measures such as income assistance sanctions. We recognize teen parents as a particularly vulnerable group within the AFDC population at large. They are young, poor, usually unmarried, often without strong support systems, and most likely lacking a high school degree and employable skills. At the same time they must grapple with the enormous challenges of parenting a young child - challenges that can be overwhelming even to older and more emotionally and financially secure parents. Their needs are many and may include intensive counseling, parenting classes, life skills training, along with income assistance, quality child care, and, in some cases involving abusive home lives, housing assistance.

We therefore urge that provision of such comprehensive supports and services be included in any welfare reform package passed. We further urge that teen parents not be subject to punitive measures, such as income assistance sanctions, as such measures would only exacerbate the struggles they face and would ultimately put their children at further risk and lead to greater levels of hunger, homelessness, and child abuse.

Child Care - We oppose any welfare reform efforts that would not assure the healthy development and physical safety of children in AFDC families. We therefore urge that subsidized child care - both for those participating in JOBS programs and for those moving into the paid work force - continue to be an entitlement. To underscore this, we emphasize that AFDC mothers are not able to attend education/training programs or to support their families without affordable child care. Furthermore, the child care must be high quality so that the healthy development of these children is supported.

We further recommend the extension of Transitional Child Care (TCC) through the expansion of the Title IV-A At Risk Child Care Program. The current 12 month limit on TCC is not enough time for many former AFDC clients to become economically independent. Currently in Illinois, many former AFDC families who "fall off the cliff" after 12 months of employment are being forced to quit their paid jobs and return to welfare because they cannot afford unsubsidized child care.

Social Services - In addition to supportive services, such as child care and transportation, many AFDC clients need a mix of social services in order to become self sufficient.

Such social services can include mental health counseling, substance abuse treatment, and domestic violence intervention, among others. Without such services, some clients will not be able to take advantage of other steps they must take such as education/training and job search activities in order to move off welfare. The realities of the lives of many AFDC clients are very complex. Their needs must be addressed in a holistic and comprehensive way if welfare reform is to be successful. Unfortunately, another reality is that serious unmet needs continue to exist in social services, as evidenced by waiting lists often several months long, for services. In Chicago, for example, persons seeking substance abuse treatment must sometime wait up to 8 months long for treatment.

We therefore urge that funding be made available for expanded social services - including mental health counseling, substance abuse treatment, and domestic violence intervention - to assure the availability of such services to AFDC clients.

In conclusion, we want to restate that our comments are based on United Way of Chicago's welfare principles that seek holistic and comprehensive approaches to welfare reform; that promote the provision of the necessary income assistance, supportive and social services to individuals to help them become self sufficient; and that offer a safety net for dependent individuals until and unless they are able to become economically self sufficient. If we do welfare reform in the right way, the positive way, we are convinced that many other social and economic problems facing society will also be addressed. Finally, positive welfare reform is also cost effective in the long term. It will result in reduced welfare costs, increased tax revenues, and stronger healthier families and communities.

UNITED WAY OF CHICAGO
WELFARE REFORM PRINCIPLES

The United Way of Chicago endorses bipartisan efforts to reform the current welfare system by supporting legislation, policies and programs which assist individuals on public assistance to become economically self-sufficient and to provide adequate income supports to those unable to do so. Major objectives of comprehensive and effective welfare reform programs should include the following:

- Expand public/private partnerships to assist individuals to overcome barriers to self-sufficiency.
- Provide public aid benefits at levels that assure families an adequate standard of living until and unless they are able to achieve economic independence.
- Provide transitional support services to those moving off welfare including child care and health care coverage.
- Provide social services as needed by welfare clients to become self-sufficient such as counseling, substance abuse treatment, parenting and life skills training.
- Provide flexible and high quality job training and education programs individualized to clients' needs.
- Assure appropriate government funding to support these needed programs and support services.

The United Way of Chicago supports comprehensive welfare reform policies which address the holistic needs of clients and which link supportive services, social services, education and training, and job creation efforts -- with the goal to enable welfare clients to obtain permanent jobs that pay a living wage.

The United Way of Chicago supports the goal of meeting both the physical and developmental needs of children in AFDC families as an integral part of welfare reform program design and implementation.

The United Way of Chicago opposes any fixed and arbitrary set of time limits of AFDC income assistance given the wide differences in clients' needs and the time they need to overcome individual barriers and achieve self-sufficiency.

The United Way of Chicago opposes punitive approaches to welfare reform which would deny public aid recipients and their children income assistance and other supports they need to move toward self-sufficiency.

STATEMENT FOR THE RECORD
on
WELFARE REFORM
before the
SUBCOMMITTEE ON HUMAN RESOURCES
of the
HOUSE COMMITTEE ON WAYS AND MEANS
for the
U.S. Chamber of Commerce
by
Jeffrey H. Joseph *

February 10, 1995

The U.S. Chamber of Commerce, representing 215,000 businesses, 3,000 state and local chambers of commerce, 1,200 trade and professional associations, and 72 American Chambers of Commerce abroad, commends the Subcommittee on Human Resources of the House Ways and Means Committee for recognizing the importance of welfare reform and its relation to our nation's economic and social well being. The Chamber is anxious to work with members of Congress on reforming welfare during the 104th Congress.

The nation's welfare system is in dire need of reform. It is a system that in many ways discourages marriage, underwrites out-of-wedlock births, and creates an expectation of dependence rather than self-sufficiency.

Business has a significant stake in the welfare reform issue. If people are to exit the welfare rolls, they must be prepared and able to find and keep a job. As a result, welfare reform proponents are looking to the private sector as the primary source of job placement and creation. To that end, the Chamber believes that business absolutely must play a visible -- and pivotal role -- in the design and implementation of any new welfare system.

Members of the Chamber have placed a high priority on reforming welfare in 1995. In a recent survey to construct the Chamber's 1995-1996 National Business Agenda, welfare reform was second (behind unfunded mandates) on a list of 64 issues ranked by importance to Chamber members.

Earlier, the Chamber had surveyed 1,200 of its members to ascertain their specific interests in welfare reform. Of the 600 members that responded, 99 percent advocated an overhaul of the current welfare system. While 76 percent said that welfare recipients should be eligible for federally funded education and training services, 98 percent believed that those who receive such services should be required to work. An overwhelming percentage

* Jeffrey H. Joseph, Vice President for Domestic Policy, U.S. Chamber of Commerce

-- 94 percent -- supported placing a limit on the amount of time that one can receive welfare benefits.

On November 9, 1994, the Chamber's Board of Directors adopted as policy nine principles to guide the organization's efforts to restructure the nation's welfare system. The principles are listed below. We hope you will take these business concerns into strong consideration.

- Welfare must become a transitional system leading to work. Because people coming off welfare will be expected to work in the public or private sector, business must be involved in the design, development, operation, and evaluation of the new system.
- The new system should provide job placement services, as well as education and training to help welfare recipients find jobs.
- In addition to improving performance in major subject areas and occupational skills, education and training services should focus on the importance of working with others, reporting to work on time, thinking analytically and independently, and developing a positive attitude toward work.
- Education and training should be based on and incorporate world-class academic and occupational skills standards.
- Welfare recipients must be drug-free as a condition of employment and as a condition for receiving welfare benefits.
- A limit should be placed on the amount of time an individual may receive welfare benefits.
- Employees of local welfare centers must be trained for the new system.
- The new system must not impose any new federal mandates or regulatory burdens on employers. It must not be financed through new taxes or increases in any current taxes on business.
- In developing a new system, reforms that have been tested and implemented by the states should be examined. Special consideration should be given to options that restructure welfare without resulting in cost increases, as well as those that achieve cost savings through improvement of state and local welfare systems.

For welfare reform to be successful, recipients must be prepared and able to move off of welfare and into jobs. The concerns of the private sector must be addressed. In addition to the priorities listed above, the Chamber has identified 19 federal laws that act as disincentives to private employers hiring welfare recipients. Examples include provisions within the Fair Labor Standards Act, Davis-Bacon Act, Americans with Disabilities Act, and more. If recipients are to move from welfare to work, serious consideration must be given to removing (even temporarily) these legal disincentives. Otherwise, the prospect of permanently placing large numbers of welfare recipients into full-time jobs can never become a reality.

We believe our members have sent a clear message to Washington. They want to ensure that business interests are represented in any and all efforts to reform welfare during the 104th Congress. To that end, we hope you will call on us to assist with your reform efforts by way of testimony, briefings, and grassroots activities.



February 1, 1995

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Thank you, for accepting this testimony. My name is Jean Colman. I am the Director of Welfare Rights Organizing Coalition (WROC) in Seattle, Washington. In the packet is testimony from two members, Lisa Karl and Lea Higashi. WROC is a membership organization of women and men who receive public assistance. Most of our members and volunteers are women, many of whom currently receive public assistance, as well as a growing number who successfully survived the public assistance system.

We have discussed the Personal Responsibility Act and believe that the policies in the bill would hurt low income families more than help them. We have recently seen information that states that over 26% of the children under 6, or six million children now live below the poverty level. Many of them have parents employed outside the home. While personal income has increased for some, it has not increased enough for those at the bottom of the wage scale to move their families out of poverty.

The women who successfully left welfare did so because of substantial long term training that enabled them to compete for jobs that paid them a livable wage. A few received assistance in the 1970's when the transition from assistance to unsubsidized employment was smoother. The biggest obstacles all parents face are jobs that pay livable wages, training to enable them to compete for those jobs, safe, affordable child care and health care for themselves and their children.

The Republican's bill ignores the reasons parents turn to public assistance. Nor does it offer the supports low income parents need to become economically stable.

Why families need public assistance

The majority of AFDC cases are single parent families, headed by a white/Anglo mother. She probably resorted to public assistance for one of many reasons:

- She lost her job and either has run out of unemployment compensation or was ineligible for such compensation.
- She does not have access to affordable child care, and/or has run out of the JOBS transitional child care benefits.
- Her employment does not provide medical benefits, and/or she has run out of JOBS transitional medical benefits.
- She was abandoned by her husband and he does not pay child support.
- She does not have the skills to maintain employment, full time, full year, at a wage that covers her basic costs.
- She has young children at home and does not feel ready to leave them with a child care provider.
- She is taking care of a disabled child or may be disabled herself.
- She ran for her life from an abusive situation and any either need to stay in

- hiding, or wants to no contact from her former spouse.
- * The father of her child cannot find employment that will enable him to support his family even at the poverty level.

If we focus on these causes, then changing welfare as we know it takes on a different complexion. If Congress focuses on the reasons why a parent turns to public assistance and asks the question what will it take for her to financially get off and stay off, the two year time limit and other punitive provisions in the PRA make little sense.

Two year time limit

I cannot recall any government assistance program that sets a two year time limit for its beneficiaries. The credit on my mortgage is until I pay off my home. Subsidies to tobacco farmers, to ranchers grazing their cattle, to Boeing through the Export/Import Bank, are not time limited. It seems really discriminatory to limit a poor person's subsidy to a two year lifetime limit.

A two year limit without the promise of a job is cruel and inhumane. It puts a greater burden on the parent and also on the local County and City governments which will have to supply the shelters and food banks to sustain the family until the parent can become economically stable.

A two year limit ignores the reality of the lives of these families. In Washington, we have learned that over 60% of the parents fled domestic violence situations. They literally ran for their lives. A parent cannot put her family back together, get the treatment she needs for herself or her children within two years and attend a training program so she can compete for a job.

In Washington, we have many industries that are seasonal. They employ people for only four to six months each and every year. They pay well and work long hours when they work. But it is only part year. Easing the work expense deductions would help families work at these jobs more than the threat of a two year AFDC limit.

A two year lifetime limit helps employers who will have a new supply of primarily low skilled, low wage workers and they can reduce their wages even more. Many homeless families are working full time. Low wages will not reduce poverty nor homelessness nor hunger. A combination of wages, child support, when collected, and government transfer payments might.

Poor parents are no better nor no worse as parents than any other parent. They simply have less resources. A two year time limit will not improve the parenting skills. But it does increase the stress on an already stressed family. WROC members are trying to reassure their children that they will not be separated. Parents are reporting that schoolmates are taunting their children because they are on welfare and because of the news of orphanages.

Family Cap

From the research we have in Washington State, we have learned that over half the parents have one child, over 80% have one or two children. Only 4% have four or more children. Most parents had their children when they were married and divorced. The difference between a two person grant and a three person grant is \$106. Women do not have additional children for the money. It does not cover the costs of a new infant, much less the costs of raising a child. Proposing a family cap feeds into the myths and stereotypes, not the reality.

Denying benefits to teenagers

In Washington State only 8% of the AFDC case load are parents under 20. One percent are parents under age 18. Teenagers do not have babies to go on AFDC.

They have children because they have been raped and victims of incest. A few become pregnant because of pressure placed by the boyfriend. It is not the first choice for many teens. Because of the negative messages about abortion, more teens are choosing to keep their babies.

Preventing teen births is a better policy approach. Teaching girls and boys about sexuality at an early age and ensuring that all teens can see a future would a lot further than denying assistance to anyone who ever have a child under the age of 18.

Block Grants

Part of the reason for federalizing a program is because of vast differences amongst the states. Poverty is a national program. It is not unique to one state or another. Recessions are a national problem that affect states at different rates and times. Washington has traditionally been later in feeling the effects of a recession and later still in feeling the benefits of a recovery.

Losing the entitlement aspect of public assistance would harm families. If the state ran out of funds for income maintenance during a recession, parents who lose their jobs would become destitute. They would have no way of feeding, housing and clothing their children. The private charities in our state filled some of the gap after the cuts in 1981 and 1982, but they all acknowledge that they are at their limits. They have no more resources to cover what will happen if the federal government pulls out of the partnership of dealing with poverty. When a state receives a block grant, it no longer is required to fund programs. Instead it could pick and chose which programs it wants to fund, including eliminating programs for poor families. I believe this is what has happened to many Community Development Block Grants. Rather than continue the programs that the block grant replaced, many jurisdictions fund middle income construction and road projects. I hope this is not the kind of flexibility Congress intends.

Rather than Block Grants, Congress could direct HHS to simplify its waiver process. It would allow the states the flexibility they claim they want at the same time retaining the federal government's ability to monitor how the welfare experiments are proceeding.

I hope Congress will carefully review its own policy development and not create policies and programs that will increase poverty any more than it already has grown.

Nancy Shier
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**TESTIMONY ON THE ROLE OF ENTITLEMENTS AND BLOCK GRANTS FOR THE
 WAYS AND MEANS SUBCOMMITTEE ON HUMAN RESOURCES BY THE WORK,
 WELFARE AND FAMILIES COALITION OF ILLINOIS**

Work, Welfare and Families of Illinois (WWF) is a diverse coalition of human service, religious, civic and community organizations dedicated to improving the health and well-being of Illinois families dependent on public assistance. Some of the guiding principles underlying the nation's vision for welfare reform are consistent with our commitment to Illinois families, including our commitment to supporting and promoting public policies that respond fairly to the needs of poor families (making work pay), providing families a basic level of economic support, and establishing a wide range of education and training support services to assist poor families in becoming economically self-sufficient.

We applaud the efforts of the House Committee on Ways and Means and the Subcommittee on Human Resources to improve the lives of low-income families. However, it must be done in a way that protects children and families and achieves our mutual goal of facilitating self-sufficiency.

I. The overarching principles that should guide welfare reform.
 Work, Welfare and Families of Illinois has identified a set of program service components that must exist in any successful welfare reform effort. These components conform to the following overarching principles:

- The needs of children must be paramount in formulating welfare reform.
- Insufficient funding for employment, training, education and support services is a significant barrier to increased participation in welfare to work programs, rather than uninterested or "resistant" participants.
- While most AFDC participants are "able bodied" their earning power is extremely limited. Limited high school and work experience and a lack of access to the services needed for single parents to complete education, obtain reliable, quality child care, or enter employment compound the problem. To promote upward mobility, obtaining education, employment skills and experience is necessary to obtain jobs that raise families above the poverty level.
- The direct creation of job opportunities for AFDC recipients is critical.
- Program flexibility is essential in recognition that movement from welfare to work is rarely a straight path. Any time limits must be based on available employment opportunities, and appropriate supports and exceptions which are determined by specific family and individual circumstances.
- Policies must promote positive steps toward self-sufficiency rather than the current trend of imposing punitive measures. Every effort/activity that moves a person closer to employment (including

volunteer/community work, a series of short-terms jobs, alternating or combining work and education, or returning to welfare for periods between jobs) must be recognized and supported as positive steps toward self-sufficiency.

KEY COMPONENTS of any new or restructured welfare reform/employment programs must include:

1. **Adequate supportive services** including: childcare transportation, health care, and social services. The lack of available subsidized child care, health care, or transportation must remain good cause for non-participation in employment/training or mandatory work programs. In addition, situations such as homelessness, domestic violence, substance abuse, and mental health problems should also be considered good cause for non-participation.
2. **Adequate education and training programs.**
3. **Expanded employment opportunities.**
4. **Policies that make work pay, support families, and have appropriate program implementation and outcome evaluation.**

Congress will soon be considering proposals to eliminate the "entitlement" status of Aid to Families with Dependent Children (AFDC) and various nutrition programs (including Food Stamps, School Lunch, School Breakfast and others). Proponents of this approach would instead provide the States with federal "block grants" or "capped entitlements" to spend on the problems and populations addressed under these eliminated programs. We strongly oppose these proposals. They jeopardize the safety net for individuals and invite financial ruin on the States. The welfare system can be restructured to provide the States with a high degree of flexibility in program design and implementation and a corresponding decrease in federal oversight without courting such disaster.

II. Eliminating entitlement status would pose an unacceptable risk of total deprivation on poor children and their caretakers. In any year in which a state's need for these programs increased, so that actual spending outpaced anticipated spending, the block grant would prevent federal funding from keeping pace. States would be forced either to come up with more state money to meet the need or shut off intake -- i.e., create waiting lists. Eligibility for subsistence programs would thus depend entirely on when, during a particular fiscal year, the needy family experienced the need. Early in the year they would get help, later in the year they would not. The suffering and other consequences would be severe.

III. The elimination of entitlement status would not only expose needy individuals to unacceptable financial risks, it would place the States in great fiscal jeopardy. For example, if the Block Grant system proposed by some governors for food programs had been in place in 1994, Illinois would have received \$217 million (14.1%) less in federal nutrition spending than it did receive. The State would either have to make this up out of State funds, or deny this amount of assistance to needy persons and families.

The worse a state's fiscal condition in any given year, the higher the penalty it will pay if there is a shift away from entitlements. This is because all block grant proposals rely on formulas for determining the amount of the grant that are based on a prior year's spending level (for example, one proposal bases the block grant on FY 94 federal spending). Some proposals would freeze the funding level for a period of years and some would escalate the amount of funding in future years based on various nationwide factors such as the cost of living or demographic trends. All block grant proposals provide for reductions in

overall spending. None of the proposals can accurately determine the state's need in the year for which the grant is applicable.

The block grant is all that the state gets for the year in question, regardless of the level of need in the state. If, for example, the block grant in year 2 is based on the state's usage of federal funds in year 1, and there was 5% unemployment in year 1, but due to a localized recession (such as California recently or the rust belt in the 80's) unemployment rises to 8-9% in year 2, the block grant nevertheless stays the same. Similarly, the block grant would not be able to respond if the state experiences a localized demographic trend, such as a sudden population increase or a "bulge" in the number of baby-boomers reaching retirement age, or a natural disaster such as the recent Midwest flood. In such years, the state would have to curtail benefits, just when more of its citizens need them the most, or it would have to assume a greater portion of the financial burden of paying benefits to the increased number of needy persons, just when the state is likely to be experiencing revenue shortages. Block grants thus do not respond to cycles. The money does not correspond to the need.

Here in Illinois, we have learned from experience that States cannot afford to keep pace with basic human needs in the absence of entitlements. For example, a few years ago the home energy assistance program for low income persons that is intended to allow the poor to maintain heating and electricity utility service was converted from an entitlement program into a fixed appropriation (or "capped entitlement") program. While it was an entitlement, any low income person who paid at least 12% of their income towards their utility bills was guaranteed continued utility service. When entitlement status was ended, the State initially dealt with the reduction in available funding by restricting the program to only persons with the lowest incomes. This had the unfortunate result of disproportionately burdening seniors living on fixed incomes just above the new income cutoff line. This result was morally and politically unacceptable, and in later years, the State adapted to the lowered funding levels that resulted from the end of entitlement status by restoring the previous income eligibility criteria and substantially reducing the amount of home energy assistance a family could receive across the board. This has resulted in the home energy assistance grants becoming too small to serve their intended purpose of providing substantial assistance to meet a basic human need. And, since home energy assistance is now provided on a first come, first served basis, those equally needy families who do not get in line soon enough face total deprivation of assistance.

The fiscal inability of the States to serve this population predictably and consistently without continuation of the entitlement status and the state-federal matching structure is further illustrated by Illinois' repeated failure to appropriate sufficient funds to capture the federal JOBS program match. In the past year, Illinois forfeited over \$35 million in appropriated federal matching funds. A shift away from the entitlement system will further reduce funding for education and training and other self-sufficiency programs that require short term investments in human capital and offer the best hope of eliminating long term welfare dependence.

IV. Entitlement status also protects these safety net programs from the unintended consequences of state law governing budgetary matters. In Illinois, three times already in the 1990s, the State government has been at budget impasse at the end of the State's fiscal year. Although these impasses did not involve appropriations for welfare programs, the State's constitutional officers interpreted state law to preclude the payment of any welfare benefits until the impasse was resolved and a new State budget had been approved. Thus, through no fault of their own, those who rely on welfare programs to provide for their basic needs were faced with deprivation of all assistance until the budget

impasse was resolved. However, because AFDC, food stamps and medicaid have federal entitlement status, recipients had recourse to the courts to ensure that they would not be deprived of their basic needs. The State paid benefits on time to individuals they always intended to pay eventually anyway. At no cost to the State, the dilemma was resolved due to the federal entitlement status of the benefits.

V. Increasing state flexibility in a wide range of program design and implementation issues can be accomplished without incurring the grave risks posed by jettisoning the entitlement status of subsistence benefits. States can be given freedom to develop their own rules for such matters as determining how income is treated when determining AFDC eligibility and benefit levels, reporting requirements, asset rules, education, training and work requirements, and child support enforcement and cooperation requirements.

Through the waiver system, Illinois has already begun to exercise such flexibility in a variety of ways. The Work Pays program is a highly innovative earned income budgeting initiative that doubled the percentage of the AFDC caseload with earned income in its first year of operation. Illinois has also used the waiver process to implement a variety of other work incentive programs and policies, including elimination of the 100 hour rule and retroactive budgeting that discouraged seasonal work, and instituting the direct payment of child care for working recipients. Illinois has also combatted the AFDC program's family formation disincentive by getting a waiver to allow payment of benefits to 2 parent families. Replacing the sometimes cumbersome waiver process with simpler and reduced federal program rules will promote such state innovation, and is fully compatible with maintaining the entitlement status of these basic benefits.

